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COMMODITY CREDIT CORPORATION
AN AGENCY OF
THE UNITED STATES

COMPILATION OF
CORPORATE CHARTER BY-LAWS
AND OF
LAWS, EXECUTIVE ORDERS, AND REGULATIONS
APPLICABLE TO
COMMODITY CREDIT CORPORATION

JANUARY 1, 1949

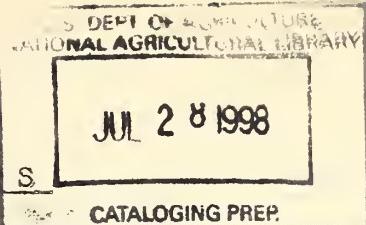
Prepared under the direction
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**United States
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Agriculture**



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SUMMARY: LEGAL HISTORY OF THE CORPORATION

The Commodity Credit Corporation was created on October 17, 1933, under the laws of the State of Delaware pursuant to Executive Order No. 6340, dated October 16, 1933, issued by virtue of the authority vested in the President by section 2(a) of the National Industrial Recovery Act of June 16, 1933 (48 Stat. 195). The act of January 31, 1935, directed that the Corporation should "continue until April 1, 1937, or such earlier date as may be fixed by the President by Executive Order, to be an agency of the United States." The Corporation was continued until June 30, 1948, as an agency of the United States by successive amendments to the act of January 31, 1935 (15 U.S.C. § 713). By section 401 of the President's reorganization plan No. 1 (5 U.S.C. § 133t, note), effective July 1, 1939, the Corporation was made a part of the United States Department of Agriculture, and its operations were placed under the supervision and control of the Secretary of Agriculture.

The Commodity Credit Corporation was originally capitalized for \$3,000,000 subscribed by the Secretary of Agriculture and the Governor of the Farm Credit Administration. The funds for such subscription were derived from the appropriation authorized by section 220 of the National Industrial Recovery Act (48 Stat. 210) and made by the Fourth Deficiency Act, fiscal year 1933 (48 Stat. 274). In accordance with the act of April 10, 1936 (15 U.S.C. § 713a), the Corporation's capitalization was increased to \$100,000,000, the additional \$97,000,000 of the Corporation's stock being acquired by the Reconstruction Finance Corporation. By section 3 of the act of March 8, 1938 (15 U.S.C. § 713a-3), the Secretary of Agriculture, the Governor of the Farm Credit Administration, and the Reconstruction Finance Corporation were directed to transfer the ownership of the stock of the Corporation to the United States. That section also provided that all rights of the United States arising out of the ownership of such stock should be exercised by the President of the United States or by such officers or agencies as he might designate. Executive Order No. 8219, issued August 7, 1939 (4 F. R. 3565), transferred to the Secretary of Agriculture the authority to exercise on behalf of the United States all rights arising out of the ownership of the stock of the commodity Credit Corporation.

The Delaware charter of the Commodity Credit Corporation authorized the Corporation, among other things, to engage in buying, selling, lending, and other activities with respect to agricultural commodities, products thereof, and related facilities. These charter powers enabled the Corporation to engage in extensive operations for the purpose of increasing production, stabilizing prices, assuring adequate supplies, and facilitating the efficient distribution of agricultural commodities, foods, feeds and fibers. Many of the Corporation's operations were carried out in response to specific Congressional mandates. In carrying out its operations, the Corporation was also subject to certain specific limitations placed upon it by the Congress.

Section 304(b) of the Government Corporation Control Act (31 U.S.C. § 869) required that wholly-owned Government corporations incorporated under State law be reincorporated by Act of the Congress in order to continue as agencies or instrumentalities of the United States after June 30, 1948. Accordingly, the Commodity Credit Corporation was incorporated as a Federal corporation by the Commodity Credit Corporation Charter Act (P.L. 806, 80th Congress, 62 Stat. 1070), effective as of midnight, June 30, 1948. Pursuant to the Charter Act and by appropriate action of the Boards of Directors of the Delaware and the Federal corporation, all the assets, funds, property and records of the Delaware corporation were transferred to the Federal Corporation, and the rights and duties and liabilities of the Delaware corporation were assumed by the Federal corporation.

The Charter Act also directed the dissolution of the Delaware corporation, and the Commodity Credit Corporation, a Delaware corporation, was dissolved under the laws of the State of Delaware, effective as of 9 a.m., September 15, 1948.

The Charter Act incorporated the Federal corporation for substantially the same purposes which the Delaware corporation had served, and made applicable to the Federal corporation the statutes which had been applicable to the Delaware corporation. The following compilation includes only the Charter, bylaws, laws, and other material which are applicable to the Federal corporation.

CHARTER, BYLAWS, AND SELECTED RESOLUTIONS

Commodity Credit Corporation Charter Act

Section 1. That this Act may be cited as the "Commodity Credit Corporation Charter Act." (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070.)

Section 2. CREATION AND PURPOSES. — For the purpose of stabilizing, supporting, and protecting farm income and prices, of assisting in the maintenance of balanced and adequate supplies of agricultural commodities, products thereof, foods, feeds, and fibers (hereinafter collectively referred to as "agricultural commodities"), and of facilitating the orderly distribution of agricultural commodities, there is hereby created a body corporate to be known as Commodity Credit Corporation(hereinafter referred to as the "Corporation"), which shall be an agency and instrumentality of the United States, within the Department of Agriculture, subject to the general direction and control of its Board of Directors. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070.)

Section 3. OFFICES. — The Corporation may establish offices in such place or places as it may deem necessary or desirable in the conduct of its business. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070..)

Section 4. GENERAL POWERS. — The Corporation —

(a) Shall have succession in its corporate name.

(b) May adopt, alter, and use a corporate seal, which shall be judicially noticed.

(c) May sue and be sued, but no attachment, injunction, garnishment or other similar process, mesne or final, shall be issued against the Corporation or its property. The district courts of the United States, including the district courts of the District of Columbia and of any Territory or possession, shall have exclusive original jurisdiction of all suits brought by or against the Corporation: Provided, That the Corporation may intervene in any court in any suit, action, or proceeding in which it has an interest. Any suit against the Corporation shall be brought in the District of Columbia, or in the district wherein the plaintiff resides or is engaged in business. No suit by or against the Corporation shall be allowed unless it shall have been brought within four years after the right accrued on which suit is brought. All suits against the Corporation shall be tried by the court without a jury. Notwithstanding any other provision of this Act, the Federal Tort Claims Act (Public Law 601, Seventy-ninth Congress) shall be applicable to the Corporation. Any suit by or against the United States as the real party in interest based upon any claim by or against the Corporation shall be subject to the provisions of this subsection (c) to the same extent as though such suit were by or against the Corporation. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070.)

(d) May adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised.

(e) Shall have all the rights, privileges, and immunities of the United States with respect to the right to priority of payment with respect to debts due from insolvent, deceased, or bankrupt debtors. The Corporation may assert such rights, privileges, and immunities in any suit, action, or proceeding.

(f) Shall be entitled to the use of the United States mails in the same manner and upon the same conditions as the executive departments of the Federal Government.

(g) May enter into and carry out such contracts or agreements as are necessary in the conduct of its business. State and local regulatory laws or rules shall not be applicable with respect to contracts or agreements of the Corporation or the parties thereto to the extent that such contracts or agreements provide that such laws or rules shall not be applicable, or to the extent that such laws or rules are inconsistent with such contracts or agreements.

(h) May contract for the use, in accordance with the usual customs of trade and commerce, of plants and facilities for the physical handling, storage, processing, servicing, and transportation of the agricultural commodities subject to its control. Except as provided in section 16, the Corporation shall not have power to acquire or lease any such plant or facility or to acquire or lease real property or any interest therein, except that it may rent or lease office space necessary for the conduct of its business and it may continue to lease (by renewing or extending existing leases or entering into new leases) property leased by it on the date of the enactment of this Act.

(i) May borrow money subject to any provision of law applicable to the Corporation: Provided, That the total of all money borrowed by the Corporation, other than trust deposits and advances received on sales, shall not at any time exceed in the aggregate \$4,750,000,000. The Corporation shall at all times reserve a sufficient amount of its authorized borrowing power which, together with other funds available to the Corporation, will enable it to purchase, in accordance with its contracts with lending agencies, notes, or other obligations evidencing loans made by such agencies under the Corporation's programs.

(j) Shall determine the character of and the necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, and paid.

(k) Shall have authority to make final and conclusive settlement and adjustment of any claims by or against the Corporation or the accounts of its fiscal officers.

(l) May make such loans and advances of its funds as are necessary in the conduct of its business.

(m) Shall have such powers as may be necessary or appropriate for the exercise of the powers specifically vested in the Corporation, and all such incidental powers as are customary in corporations generally; but any research financed by the Corporation shall relate to the conservation or disposal of commodities owned or controlled by the Corporation.

and shall be conducted in collaboration with research agencies of the Department of Agriculture. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1071.)

Sec. 5. SPECIFIC POWERS. -- In the fulfillment of its purposes and in carrying out its annual budget programs submitted to and approved by the Congress pursuant to the Government Corporation Control Act (31 U. S. C., 1940 edition, Supp. V, 841), the Corporation is authorized to use its general powers only to --

(a) Support the prices of agricultural commodities through loans, purchases, payments, and other operations.

(b) Make available materials and facilities required in connection with the production and marketing of agricultural commodities.

(c) Procure agricultural commodities for sale to other Government agencies, foreign governments, and domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements.

(d) Remove and dispose of or aid in the removal or disposition of surplus agricultural commodities.

(e) Increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities.

(f) Export or cause to be exported, or aid in the development of foreign markets for, agricultural commodities.

(g) Carry out such other operations as the Congress may specifically authorize or provide for.

In the Corporation's purchasing and selling operations with respect to agricultural commodities (except sales to other Government agencies), and in the warehousing, transporting, processing, or handling of agricultural commodities, the Corporation shall, to the maximum extent practicable consistent with the fulfillment of the Corporation's purposes and the effective and efficient conduct of its business, utilize the usual and customary channels, facilities, and arrangements of trade and commerce. (June 29, 1948, P. L. 806, 80th Cong. 62. Stat. 1070, 1072.)

Sec. 6. EXISTING STATUTES APPLICABLE TO THE CORPORATION. -- The Federal statutes applicable to Commodity Credit Corporation, a Delaware corporation, shall be applicable to the Corporation. Commodity Credit Corporation, a Delaware corporation, shall cease to be an agency of the United States as provided in section 7(a) of the Act of January 31, 1935, as amended (15 U. S. C., 1940 edition, Supp. V, 713 (a)). (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1072.)

Sec. 7, CAPITAL STOCK. -- The Corporation shall have a capital stock of \$100,000,000 which shall be subscribed by the United States. Such subscription shall be deemed to be fully paid by the transfer of assets to the Corporation pursuant to section 16 of this Act. The Corporation shall pay interest to the United States Treasury on the amount of its capi-

tal stock, and on the amount of the obligations of the Corporation purchased by the Secretary of the Treasury pursuant to the Act of March 8, 1938 (U. S. C., title 15, sec. 713a - 4), as amended, at such rates as may be determined by the Secretary of the Treasury to be appropriate in view of the terms for which such amounts are made available to the Corporation. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1072.)

Section 8. FUNDS. -- The Corporation is authorized to use in the conduct of its business all its funds and other assets, including capital and net earnings therefrom, and all funds and other assets which have been or may hereafter be transferred or allocated to, borrowed by, or otherwise acquired by it. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1072.)

Section 9. DIRECTORS. -- The management of the Corporation shall be vested in a Board of Directors (hereinafter referred to as the "Board"). The Board shall consist of five members. The Secretary of Agriculture, or his nominee, shall be a member of the Board and the remaining members shall be appointed by the President by and with the advice and consent of the Senate. The Chairman of the Board shall be selected by the Board. A majority of the directors shall constitute a quorum of the Board and action shall be taken only by a majority vote of those present. The appointed directors shall serve for a period of five years, except that the terms of the first Board shall be shortened to provide for replacement or reappointment of its members in number as nearly equal as practicable in each year. The power of removal shall be vested in the President of the United States. The Corporation may provide, by its bylaws, for the compensation to be paid the directors: Provided, That the compensation paid any director shall not exceed in the aggregate \$10,000 per annum: And provided further, That employees of the Corporation or any department or agency of the Federal Government, if also directors, shall not receive additional compensation for their services on the Board. Employees of the Corporation or any department or agency of the Federal Government, if also directors, shall not comprise, in the aggregate, more than three of the members of the Board.

The Secretary of Agriculture is authorized to appoint an interim Board consisting of five members, including the Secretary, who shall serve until October 1, 1948. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1072.)

Section 10. THE EXECUTIVE STAFF. -- Responsibility for the day-to-day conduct of the business of the Corporation shall be vested in a staff of executive officers, headed by a chief executive appointed by the Board and responsible to the Board. Members of the Executive staff shall devote their full time to the affairs of the Corporation. The Board shall define the authority and duties of the members of the executive staff, delegate to them such of the powers vested in the Corporation as it may determine, require that such of them as it may

designate be bonded and fix the penalties therefore. The Corporation may pay the premium of any bond or bonds of any officer or employee. With the exception of experts, appointments shall be made pursuant to the civil-service laws and the Classification Act of 1923, as amended (5 U. S. C., 1940 edition, 661). (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1073.)

Section 11. COOPERATION WITH OTHER GOVERNMENTAL AGENCIES.—The Corporation may, with the consent of the agency concerned, accept and utilize, on a compensated or uncompensated basis, the officers, employees, services, facilities, and information of any agency of the Federal Government, including any bureau, office, administration, or other agency of the Department of Agriculture, and of any State, the District of Columbia, any Territory or possession, or any political subdivision thereof. The Corporation may allot to any bureau, office, administration, or other agency of the Department of Agriculture or transfer to such other agencies as it may request to assist it in the conduct of its business any of the funds available to it for administrative expenses. The personnel and facilities of the Corporation may, with the consent of the Corporation, be utilized on a reimbursable basis by any agency of the Federal Government, including any bureau, office, administration, or other agency of the Department of Agriculture, in the performance of any part or all of the functions of such agency. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1073.)

Section 12. UTILIZATION OF ASSOCIATIONS AND TRADE FACILITIES. — The Corporation may, in the conduct of its business, utilize on a contract or fee basis, committees or associations of producers, producer-owned and producer-controlled cooperative associations, and trade facilities. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1073.)

Section 13. RECORDS; ANNUAL REPORT. — The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation, a copy of which shall be forwarded by the Secretary of Agriculture to the President for transmission to the Congress. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1073.)

Section 14. INTEREST OF MEMBERS OF THE CONGRESS. — The provisions of section 1 of the Act of February 27, 1877, as amended (41 U. S. C., 1940 edition, 22), shall apply to all contracts or agreements of the Corporation, except contracts or agreements of a kind which the Corporation may enter into with farmers participating in a program of the Corporation. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1074.)

Section 15. CRIMES AND OFFENSES. --

FALSE STATEMENTS; OVERVALUATION OF SECURITIES

(a) Whoever makes any statement knowing it to be false, or who-ever willfully overvalues any security, for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining for himself or another, money, property, or anything of value, under this Act, or under any other Act applicable to the Corporation, shall, upon conviction thereof, be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

EMBEZZLEMENT, AND SO FORTH; FALSE ENTRIES; FRAUDULENT ISSUE OF OBLIGATIONS OF CORPORATION

(b) Whoever, being connected in any capacity with the Corporation or any of its programs, (i) embezzles, abstracts, purloins, or willfully misapplies any money, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to it; or (ii) with intent to defraud the Corporation, or any other body, politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of, or to, the Corporation, or draws any order, or issues, puts forth or assigns any note or other obligation or draft, mortgage, judgment, or decree thereof; or (iii) with intent to defraud the Corporation, participates or shares in, or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of the Corporation, shall, upon conviction thereof, be punished by a fine or not more than \$10,000 or by imprisonment for not more than five years, or both.

LARCENY; CONVERSION OF PROPERTY

(c) Whoever shall willfully steal, conceal, remove, dispose of, or convert to his own use or to that of another any property owned or held by, or mortgaged or pledged to, the Corporation, shall, upon conviction thereof, be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

CONSPIRACY TO COMMIT OFFENSE

(d) Whoever conspires with another to accomplish any of the acts made unlawful by the preceding provisions of this section shall, upon conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful acts.

GENERAL STATUTES APPLICABLE

(e) All the general penal statutes relating to crimes and offenses against the United States shall apply with respect to the Corporation, its property, money, contracts and agreements, employees, and operations: Provided, That such general penal statutes shall not apply to the extent that they relate to crimes and offenses punishable under subsections (a), (b), (c), and (d) of this section: Provided further, That sections 114 and 115 of the Act of March 4, 1909, as amended (18 U. S. C., 1940 edition, 204, 205) shall not apply to contracts or agreements of a kind which the Corporation may enter into with farmers participating in a program of the Corporation. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1074.)

Section 16. TRANSFER OF ASSETS OF COMMODITY CREDIT CORPORATION, A DELAWARE CORPORATION. — The assets, funds, property, and records of Commodity Credit Corporation, a Delaware Corporation, are hereby transferred to the Corporation. The rights, privileges, and powers, and the duties and liabilities of Commodity Credit Corporation, a Delaware corporation, in respect to any contract, agreement, loan, account, or other obligation shall become the rights, privileges, and powers, and the duties and liabilities, respectively, of the Corporation. The enforceable claims of or against Commodity Credit Corporation, a Delaware corporation, shall become the claims of or against, and may be enforced by or against, the Corporation: Provided, That nothing in this Act shall limit or extend any period of limitation otherwise applicable to such claims against the Corporation. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1075.)

Section 17. DISSOLUTION OF DELAWARE CORPORATION. — The Secretary of Agriculture, representing the United States as the sole owner of the capital stock of Commodity Credit Corporation, a Delaware corporation, is hereby authorized and directed to institute or cause to be instituted such proceedings as are required for the dissolution of said Corporation under the laws of the State of Delaware. ^{1/} The costs of such dissolution of said Corporation shall be borne by the Corporation. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1075).

Section 18. EFFECTIVE DATE. — This Act shall take effect as of midnight June 30, 1948. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1075.)

1/ The Commodity Credit Corporation, a Delaware Corporation, was dissolved under the laws of the State of Delaware, effective as of 9 a. m., September 15, 1948.

Bylaws of

COMMODITY CREDIT CORPORATION

A Corporation Created by Act of Congress

As Amended October 27, 1948

OFFICES

1. The principal office of the Corporation shall be in the City of Washington, District of Columbia, and the Corporation shall also have offices at such other places as the Board of Directors may from time to time designate.

SEAL

2. There is impressed below the official seal which is hereby adopted for the Corporation. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

[Note: Imprint of seal is omitted.]

MEETINGS OF THE BOARD

3. Regular meetings of the Board shall be held without notice in the Office of the Chairman of the Board in the City of Washington, D. C., on Wednesday of each week at 3:00 p. m.

4. Special meetings of the Board may be called at any time by the Chairman of the Board or by the President and shall be called by the Chairman or President at the request of any three Directors. Notice of special meetings shall be given either personally or by mail (including the intra-departmental mail channels of the Department of Agriculture or inter-departmental mail channels of the Federal Government) or by telegram, and notice by telephone shall be personal notice. Any member may waive in writing such notices as to himself. Except as is otherwise provided in paragraph 27 of these bylaws, any and all business may be transacted at a special meeting, unless otherwise indicated in the notice thereof.

At any meeting at which every Director shall be present, even though without notice, any business may be transacted. No notice of any adjourned meeting need be given.

5. At any meeting of the Board a quorum shall consist of three directors. Except as otherwise provided in these bylaws, the act of a majority present at any meeting at which there is a quorum shall be the act of the Board.

6. The Solicitor of the Department of Agriculture, whose office shall perform all legal work of the Corporation, and the Associate Solicitor in immediate charge of legal work for the Corporation shall, as legal advisor and associate legal advisor to the Board, respectively, attend meetings of the Board.

7. The Director of Finance of the Department of Agriculture shall, as fiscal advisor to the Board, attend meetings of the Board. The Assistant Administrator for Marketing of the Production and Marketing Administration, the Assistant Administrator for Production of the Production and Marketing Administration, the Director of the Fiscal Branch of the Production and Marketing Administration, and the Director of the Budget and Management Branch of the Production and Marketing Administration, shall, as advisors to the Board, attend meetings of the Board.

8. The Vice President and the Executive Staff shall attend meetings of the Board.

9. The Director of each branch of the Production and Marketing Administration, and, if the Director so desires, one member of his staff designated by him, shall attend meetings of the Board only during such times as the meetings are devoted to consideration of matters relating to his branch.

10. Other persons may attend meetings of the Board upon specific authorization by the Chairman of the Board or the President.

COMPENSATION OF BOARD DIRECTORS

11. Each Director shall be paid as compensation for his services a salary of \$10,000 per annum, except that any employee of the Corporation or any Department or agency of the Federal Government, if also a director, shall not be paid a salary for his services on the Board.

OFFICERS

12. The officers of the Corporation shall be a Chairman of the Board, a President, a Vice President, and a staff of Executive Officers consisting of a Manager, an Assistant Manager, a Controller, an Assistant Controller, a Secretary, an Assistant Secretary, a Treasurer, and such other officers as the Board in its discretion may appoint. One person may at any one time hold any two offices in the Executive Staff. The Chairman of the Board and the President shall be appointed from members of the Board.

13. Officers shall be appointed by the Board and shall hold office until their respective successors shall be appointed, but any officer shall be subject to removal at any time by action of the Board concurred in by at least three Directors.

THE CHAIRMAN OF THE BOARD

14. The Chairman of the Board shall preside at all meetings of the Board and shall represent the Board in its general relations with the President of the United States, the Congress, and other Government agencies.

THE PRESIDENT

15. The President shall, in the absence or unavailability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman, shall have general supervision over the preparation of programs and policies for submission to the Board, shall ascertain whether the programs, policies, and resolutions approved by the Board have been or are being carried into effect, and shall act in an advisory capacity to other officers of the Corporation. The President shall be responsible for the preparation of an annual report of the activities of the Corporation, which shall be filed with the Board and with the Secretary of Agriculture.

THE VICE PRESIDENT

16. The Vice President shall assist the President in the performance of his duties and the exercise of his powers and, in the absence or unavailability of the President, shall perform the duties and exercise the powers of the President other than those which the President exercises or performs as a member of Acting Chairman of the Board.

THE EXECUTIVE STAFF

17. The responsibility for the day-to-day conduct of the business of the Corporation shall be vested in the staff of Executive Officers headed by a Chief Executive Officer responsible directly to the Board. Members of the Executive Staff shall devote their full time to the affairs of the Corporation.

(a) The Manager. The Manager shall be the Chief Executive Officer. Subject to the direction and control of the Board, the Manager shall have general supervision and direction of the day-to-day conduct of the business of the Corporation, which shall include the administration of programs, policies, and resolutions approved by the Board. He shall keep the President of the Corporation and the Board fully informed as to the activities of the Corporation.

In the absence or unavailability of any member of the Executive Staff, the Manager shall perform the duties and exercise the powers of such member or may designate another member of the Executive Staff to exercise the powers and perform the duties of the member who is absent or unavailable, except that no person may at one time perform the duties and exercise the powers of more than two offices in the Executive Staff.

(b) The Assistant Manager. The Assistant Manager shall assist the Manager in the performance of his duties and the exercise of his powers, and, in the absence or unavailability of the Manager, shall perform the duties and exercise the powers of the Manager.

(c) The Controller. The Controller shall have over-all responsibility for the policy and technical phases of the fiscal affairs of the Corporation, including budget, accounting, and audit.

(d) The Assistant Controller. The Assistant Controller shall assist the Controller in the performance of his duties and the exercise of his powers, and shall, in the absence or unavailability of the Controller, perform the duties and exercise the powers of the Controller.

(e) The Secretary. The Secretary shall attend and keep the minutes of all meetings of the Board; shall attend to the giving and serving of all required notices of meetings of the Board; shall sign all papers and instruments to which his signature shall be necessary or appropriate; shall attest the authenticity of and affix the seal of the Corporation upon any instrument requiring such action; and shall perform such other duties and exercise such other powers as are commonly incidental to the office of Secretary as well as such other duties and powers as shall be assigned to him from time to time by the Board or the Manager.

(f) The Assistant Secretary. The Assistant Secretary shall assist the Secretary in the performance of his duties and the exercise of his powers, and shall, in the absence or unavailability of the Secretary, perform the duties and exercise the powers of the Secretary.

(g) The Treasurer. The Treasurer, under the general supervision and direction of the Manager, shall be responsible for the custody, safekeeping and disbursement of all funds of the Corporation; shall designate qualified persons to authorize disbursement of corporate funds; shall direct the disbursement of funds by disbursing

officers of the Corporation or by the Treasurer of the United States, Federal Reserve Banks and other fiscal agents of the Corporation, and shall issue instructions incidental thereto; shall be responsible for documents relating to the financing operations of the Corporation, including borrowings from the United States Treasury, commercial banks and others; shall be responsible for maintaining accurate records of such operations and arranging for the payment of interest on and the repayment of such borrowings; shall be responsible for payment of interest on the capital stock of the Corporation; shall have authority to collect all monies due the Corporation, to receipt therefor and to deposit same for account of the Corporation; shall render such reports as may be required by the Manager or the Board; and shall perform such other duties as may be prescribed from time to time by the Manager or the Board.

OTHER OFFICIALS

18. Except as otherwise authorized by the Board, the activities of the Corporation shall be carried out through the facilities and the personnel of the Production and Marketing Administration, in accordance with any assignment of functions and responsibilities made by the Secretary of Agriculture or the Administrator of the Production and Marketing Administration and concurred in by the Manager or the Board.

19. The Directors of the branches of the Production and Marketing Administration and the Directors of PMA Commodity offices shall be Contracting Officers and shall have general charge of the activities of the Corporation carried out through their respective branches or offices, including the authority to settle and adjust claims by and against the Corporation arising out of activities under their jurisdiction. The responsibilities of such Directors, in carrying out activities of the Corporation, shall be discharged under the general supervision and direction of the Manager, in conformity with these bylaws and applicable programs, policies, and procedures.

20. The Treasurer may, subject to approval of the Manager, designate persons employed in the Fiscal Branch of the Production and Marketing Administration as Assistant Treasurers. Such Assistant Treasurers shall perform such duties for the Treasurer as he may prescribe.

21. With the exception of experts, appointments shall be made pursuant to the civil service laws and the Classification Act of 1923, as amended.

BONDS

22. Such officers and employees of the Corporation, including officers and employees of the Department of Agriculture who perform duties for the Corporation, as may be specified by the Board, shall be bonded in such manner, upon such conditions, and in such amounts as the Board may determine.

CONTRACTS OF THE CORPORATION

23. Unless the Board shall specify the officer of the Corporation by whom a contract shall be executed, contracts requiring formal execution by the Corporation relating to any of its activities may be executed in its name by the Manager or Assistant Manager. The Treasurer, the Directors of the several branches of the Production and Marketing Administration, and the Directors of the PMA Commodity offices may execute such contracts relating to the activities of the Corporation for which they are respectively responsible.

24. The Manager and, subject to the written approval of the appointment by the Manager, the Treasurer, the Assistant Administrator for Production of the Production and Marketing Administration, the Directors of the branches of the Production and Marketing Administration, and the Directors of the PMA Commodity offices may appoint by written instrument or instruments such Contracting Officers as they deem necessary, who may, to the extent authorized by such instrument, or instruments, execute such contracts in the name of the Corporation. A copy of each such instrument shall be filed with the Secretary.

25. Appointments of Contracting Officers may be revoked by written instrument or instruments by the Manager, or, subject to the written approval of the Manager, by the official who made the appointment.

26. In executing a contract in the name of the Corporation, an official shall indicate his title.

AMENDMENTS

27. These bylaws may be altered or amended or repealed by action of the Board concurred in by at least three directors at any regular meeting of the Board or at any special meeting of the Board if notice of the proposed alteration, amendment, or repeal be contained in the notice of such meeting.

Resolution of the Delaware Board of Directors

P-151

RESOLVED, That, in view of the creation by the Congress of a Federal corporation known as the Commodity Credit Corporation, it is the judgment of its Board of Directors that it is advisable and most for the benefit of the Commodity Credit Corporation, a corporation organized and existing under the laws of the State of Delaware, that said corporation shall be dissolved;

RESOLVED, FURTHER, That it is ordered notice of this resolution be served upon the Secretary of Agriculture of the United States who is empowered by statute to exercise all the rights of the United States arising out of ownership by the United States of the entire stock of this corporation in order to secure his consent to such dissolution;

RESOLVED, FURTHER, That the proper officers of this corporation, if all of the stock holders having voting power consent in writing to a dissolution, be and hereby are authorized to file such written consent with the Secretary of State of Delaware and to cause the certificate of dissolution issued by the Secretary of State to be recorded in the office of the Recorder of Deeds of the County of New Castle;

RESOLVED, FURTHER, That the President and the Secretary of this corporation be authorized and directed to prepare and execute, prior to July 1, 1948, a deed transferring to the Commodity Credit Corporation, a Federal corporation created by Public Law No. 806, 80th Congress, title to the real property of this corporation known as the Kentucky Ordnance Works, and a general assignment of all rights, claims, or choses in action, of any nature whatsoever and arising from any source, of this corporation to such Federal corporation. (Approved June 30, 1948).

Resolutions of the Federal Board of Directors

Q-2

RESOLVED, That all resolutions, dockets, procedures, and policies heretofore adopted by the Board of Directors of the Commodity Credit Corporation, a Delaware corporation, in force and effect at the close of the last regular meeting of the Board held on July 30, 1948, shall be and hereby are adopted to be in effect with respect to the Commodity Credit Corporation, a Federal corporation created by Public Law No. 806, 80th Congress, until and unless superseded by the resolutions of this Board (Approved July 1, 1948).

Q-3

RESOLVED, That the Commodity Credit Corporation, a Federal corporation created by Public Law No. 806, 80th Congress, shall and hereby does affirm, ratify, and adopt all outstanding contracts, agreements, and other rights and obligations of the Commodity Credit Corporation, a Delaware corporation, without requiring reexecution, amendment, or further action evidencing such affirmation, ratification, and adoption. (Approved July 1, 1948).

Q-4

RESOLVED, That all authorizations and delegations of authority (including subdelegations) to take action on behalf of the Commodity Credit Corporation, a Delaware corporation, in effect on June 30, 1948, to the extent that such authorizations and delegations are not in conflict with the authority vested in the officers of this Corporation by the bylaws of this Corporation, shall be and are hereby continued in effect with respect to operations of the Commodity Credit Corporation, a Federal corporation created by Public Law No. 806, 80th Congress, until such times as such authorizations and delegations expire by their terms, are revoked by this Board or, in case of subdelegations, are revoked by authorized officers of this Corporation: Provided, That all such authority delegated to the Administrator of the Production and Marketing Administration or the President of Commodity Credit Corporation, the Delaware corporation, or any Deputy or Assistant Administrator of the Production and Marketing Administration shall be exercised by the General Manager of the Corporation or by such of the members of the Executive Staff as the General Manager may designate. (Approved July 1, 1948)

GENERAL FISCAL

Annual AppraisalAct of March 8, 1938, as amended

Section 1. *As of the 30th of June in each year and as soon as possible thereafter, beginning with June 30, 1945, an appraisal of all of the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall be determined on the basis of the cost of such assets to the Commodity Credit Corporation, or insofar as practicable, the average market price of such assets during the last month of the fiscal year covered by the appraisal, whichever is the lower, and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made. *1/ In the event that any such appraisal shall establish that the net worth of the Commodity Credit Corporation is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such capital impairment by a contribution to the Commodity Credit Corporation in the amount of such impairment. To enable the Secretary of the Treasury to make such payment to the Commodity Credit Corporation, there is hereby authorized to be appropriated annually, commencing with the fiscal year 1938, out of any money in the Treasury not otherwise appropriated, an amount equal to any capital impairment

1/ Act of April 12, 1945, 59 Stat. 50, 51, substituted matter between asterisks for the following: "As of the 31st of March in each year and as soon as possible thereafter, beginning with March 31, 1938, an appraisal of all the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall, insofar as possible, be determined on the basis of [the cost, including not more than one year of carrying charges, of such assets of the Corporation, or the average market prices of such assets for a period of twelve months ending with March 31 of each year, whichever is less] and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made."

Act of July 1, 1941, 55 Stat. 498, substituted matter between brackets for the words, "Market price at the time of appraisal."

found to exist by virtue of an appraisal as provided herein. (Mar. 8, 1938, P. L. 442, 75th Cong., 52 Stat. 107; July 1, 1941, P. L. 147, 77th Cong., 55 Stat. 498; April 12, 1945, P. L. 30, 79th Cong., 59 Stat. 50, 51; 15 U. S. C. § 713a-1.)

Section 2. In the event that any appraisal pursuant to section 1 of this Act shall establish that the net worth of the Commodity Credit Corporation is in excess of \$100,000,000, such excess shall as soon as practicable after such appraisal, be deposited in the Treasury by the Commodity Credit Corporation and shall be credited to miscellaneous receipts. The Secretary of the Treasury is directed, as soon as practicable, to use any amount so deposited to retire an equivalent amount of the public debt, which amount shall be in addition to any other amount required to be used for such purpose. 1/(March 8, 1938, P. L. 442, 75th Cong., 52 Stat. 107; 15 U. S. C. § 713a-2)

1/ The following appropriations from and payments to the Treasury have resulted:

Appraisal of

March 31, 1938	\$94,285,404.73	appropriated by Act of June 25, 1938, 52 Stat. 1114, 1148
March 31, 1939	\$119,599,918.05	appropriated by Act of Aug. 9, 1939, 53 Stat. 1301, 1325.
March 31, 1940	\$43,756,731.01	paid into Treasury.
March 31, 1941	\$1,637,445.51	appropriated by Act of July 3, 1941, 55 Stat. 541, 563.
March 31, 1942	\$27,815,513.68	paid into Treasury.
March 31, 1943	\$39,436,884.93	deficiency.
March 31, 1944	\$217,327,996.11	deficiency.
	\$256,764,881.04	appropriated by Act of April 25, 1945, 59 Stat. 77, 90, to cover these defi- ciencies.
June 30, 1945	\$921,456,561.00	of Corporation's notes held by the Secretary of the Treasury authorized to be cancelled by Act of July 20, 1946, 60 Stat. 586, 593.
June 30, 1946	\$641,832,080.64	of Corporation's notes held by the Secretary of the Treasury authorized to be cancelled by Act of May 26, 1947, 61 Stat. 106.
June 30, 1947	\$17,693,492.14	paid into Treasury.

Borrowing PowerAct of March 8, 1938, as amended

Section 4. With the approval of the Secretary of the Treasury, the Commodity Credit Corporation is authorized to issue and have outstanding at any one time, bonds, notes, debentures, and other similar obligations in an aggregate amount not exceeding \$4,750,000,000. ^{1/} Such obligations shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices as may be prescribed by the Commodity Credit Corporation, with the approval of the Secretary of the Treasury. Such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such obligations shall be lawfull investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In any event, that the Commodity Credit Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such obligations, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Commodity Credit Corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Commodity Credit Corporation acquired by him under this section. All redemptions, purchases and sales by the Secretary of the Treasury of the obligations of the Commodity Credit Corporation shall be treated as public-debt.

^{1/} Figure "4,750,000,000" substituted by Act of April 12, 1945, 59 Stat. 50, in lieu of "3,000,000,000" which was substituted by Act of July 16, 1943, 57 Stat. 566, in lieu of "2,650,000,000" which was substituted by Act of July 1, 1941, 55 Stat. 498, in lieu of "1,400,000,000" which was substituted by Act of Aug. 9, 1940, 54 Stat. 782, in lieu of "900,000,000" which was substituted by Act of Mar. 4, 1949, 53 Stat. 510, in lieu of "500,000,000" in the original Act of March 8, 1938, 52 Stat. 107, 108.

transactions of the United States. No such obligations shall be issued in excess of the assets of the Commodity Credit Corporation, including the assets to be obtained from the proceeds of such obligations, but a failure to comply with this provision shall not invalidate the obligations or the guaranty of the same. The Commodity Credit Corporation shall have power to purchase such obligations in the open market at any time and at any price. (Mar. 8, 1938, P. L. 442, 75th Cong., 52 Stat. 107, 108, as amended Mar. 4, 1939, P. L. 3, 76th Cong., 53 Stat. 510; Aug. 9, 1940, P. L. 759, 76th Cong., 54 Stat. 782; July 1, 1941, P. L. 147, 77th Cong., 55 Stat. 498; July 16, 1943, P. L. 151, 78th Cong., 57 Stat. 566; April 12, 1945, P. L. 30, 79th Cong., 59 Stat. 50, 15 U. S. C. § 713a-4.)

Commodity Credit Corporation Charter Act

Sec. 4. General Powers. The Corporation * * *

(i) May borrow money subject to any provision of law applicable to the Corporation: Provided, That the total of all money borrowed by the Corporation, other than trust deposits and advances received on sales, shall not at any time exceed in the aggregate \$4,750,000,000. The Corporation shall at all times reserve a sufficient amount of its authorized borrowing power which, together with other funds available to the Corporation, will enable it to purchase, in accordance with its contracts with lending agencies, notes, or other obligations evidencing loans made by such agencies under the Corporation's programs. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1071.)

* * *

Sec. 7. * * * The Corporation shall pay interest to the United States Treasury on the amount of its capital stock, and on the amount of the obligations of the Corporation purchased by the Secretary of The Treasury pursuant to the Act of March 8, 1938 (U. S. C., title 15, sec. 713a-4), as amended, at such rates as may be determined by the Secretary of the Treasury to be appropriate in view of the terms for which such amounts are made available to the Corporation. (June 29, 1948, P. L. 806, 80th Cong., 62 Stat. 1070, 1072.)

Taxation

Act of March 8, 1938

Sec. 5. Bonds, notes, debentures, and other similar obligations issued by the Commodity Credit Corporation under the provisions of this Act shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes). The Commodity Credit Corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or here-

after imposed by the United States, by any territory, dependency, or possession thereof, or by any state, county, municipality, or local taxing authority; except that any real property of the Commodity Credit Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed. 1/ (Mar. 8, 1938, P. L. 442, 75th Cong., 52 Stat. 107, 108, 15 U. S. C. § 713a-5.)

Federal Reserve Banks as Fiscal Agents

Act of July 16, 1943

Sec. 3. The Federal Reserve Banks are hereby authorized to act as depositaries, custodians, and fiscal agents for the Commodity Credit Corporation. (July 16, 1943, P. L. 151, 78th Cong., 57 Stat. 566, 12 U.S.C. § 395.)

Reserve for Postwar Price Support

First Supplemental Surplus
Appropriation Recission Act, 1946

Emergency Funds Appropriated to the President

* * *

(7) * * * the \$500,000,000 made available by title II of the Second Deficiency Appropriation Act, 1945, as a reserve for expenditure for postwar price support of agriculture shall be paid to the Commodity Credit Corporation and continued as a reserve fund for expenditure, as and when necessary, for the postwar price support of agriculture. (Feb. 18, 1946, P. L. 301, 79th Cong., 60 Stat. 6.)

1/ See act of Feb. 19, 1941, 55 Stat. 7, 9, as amended Mar. 28, 1942, 56 Stat. 189, 190, 31 U.S.C. § 742a, abolishing tax exemption for income from obligations issued or guaranteed by the United States or any agency or instrumentality thereof.

CCC COMPILATION

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ADMINISTRATIVE EXPENSES

Fiscal Years 1938 Et Seq. 1/

- 1938 \$525,000, Independent Offices Appropriation Act, Fiscal Year 1938 (June 28, 1937, 50 Stat. 329, 347.)
- 1939 \$520,288, Independent Offices Appropriation Act, Fiscal Year 1939 (May 23, 1938, 52 Stat. 410, 430); increased to \$700,000, Second Deficiency Appropriation Act, Fiscal Year 1938 (June 25, 1938, 52 Stat. 1114, 1116.)
- 1940 \$2,000,000, Urgent Deficiency and Supplemental Appropriation Act, Fiscal Years 1939 and 1940 (June 30, 1939, 53 Stat. 980, 985.)
- 1941 \$2,000,000, Department of Agriculture Appropriation Act, 1941 (June 25, 1940, 54 Stat. 532, 562); increased to \$2,250,000, Additional Urgent Deficiency Appropriation Act, 1941 (May 24, 1941, 55 Stat. 197, 201.)
- 1942 \$1,500,000, Department of Agriculture Appropriation Act, 1942 (July 1, 1941, 55 Stat. 408, 437); \$2,000,000 additional, Second Deficiency Appropriation Act, 1941 (July 3, 1941, 55 Stat. 541, 550.)
- 1943 \$3,513,498, Department of Agriculture Appropriation Act, 1943 (July 22, 1942, 56 Stat. 664, 693); \$625,000 additional, Second Supplemental National Defense Appropriation Act, 1943 (October 26, 1942, 57 Stat. 990, 1001); amended by Act of March 25, 1943, 57 Stat. 52; amended by Act of June 14, 1943, 57 Stat. 152; \$230,900 additional, Urgent Deficiency Appropriation Act, 1943 (July 12, 1943, 57 Stat. 431, 444.)

1/ Section 7(a) of the First Deficiency Appropriation Act, fiscal year 1936 (June 22, 1936, P. L. 739, 74th Cong., 49 Stat. 1597, 1647, 15 U.S.C. § 712a) prohibited Commodity Credit Corporation, after June 30, 1937, from incurring "any obligations for administrative expenses, except pursuant to an annual appropriation specifically therefor." Pursuant thereto, for the fiscal years 1938 through 1946, the Congress annually made available specified sums of the funds of the Corporation for its administrative expenses. This provision of section 7(a) of the First Deficiency Appropriation Act, Fiscal Year 1936, was superseded by the provisions of the Government Corporation Control Act (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 31 U.S.C. § 841.)

- 1944 \$4,500,000, Department of Agriculture Appropriation Act, 1944 (July 12, 1943, 57 Stat. 392, 416); \$905,000 additional, First Deficiency Appropriation Act, 1944 (April 1, 1944, 58 Stat. 150, 156, 168.)
- 1945 \$7,208,526, Department of Agriculture Appropriation Act, 1945 (June 28, 1944, 58 Stat. 425, 448.)
- 1946 \$6,565,000, Department of Agriculture Appropriation Act, 1946 (May 5, 1945, 59 Stat. 136, 153); \$587,500 additional, Second Deficiency Appropriation Act, 1945 (July 5, 1945, 59 Stat. 412, 423); \$762,000 additional, First Deficiency Appropriation Act, 1946 (December 28, 1945, 59 Stat. 632, 644); \$743,000 additional, Act of April 19, 1946, 60 Stat. 105, 107.
- 1947 \$8,760,000, Government Corporations Appropriation Act, 1947 (July 20, 1946, 60 Stat. 586, 593.)
- 1948 \$8,450,000, Department of Agriculture Appropriation Act, 1948 (July 30, 1947, 61 Stat. 523.)

Department of Agriculture Appropriation Act, 1949

TITLE II -- GOVERNMENT CORPORATIONS

Sec. 202. The following corporations are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as may be necessary to carry out the programs set forth in the budget for the current fiscal year for each such corporation, except as hereinafter provided:

ADMINISTRATIVE EXPENSES, COMMODITY CREDIT CORPORATION

Commodity Credit Corporation: Nothing in this Act shall be so construed as to prevent the Commodity Credit Corporation from carrying out any activity or any program authorized by law: Provided, That not to exceed \$7,575,000 shall be available for administrative expenses of the Corporation, including not to exceed \$400 for periodicals, maps, and newspapers: Provided further, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof.

Sec. 203. The authorities, restrictions, and prohibitions specified under the head "General provisions" in the Government Corporations Appropriations Act, 1949, shall be applicable to title II of this Act. (June 19, 1948, P. L. 712, 80th Cong., 62 Stat. 507.)

The Government Corporations Appropriation Act, 1949

TITLE III — GENERAL PROVISIONS

Sec. 301. Funds made available by this Act for administrative expenses shall be available, in addition to objects for which such funds are otherwise available, for personal services and rent in the District of Columbia; printing and binding; examination of budgets and estimates of appropriations in the field; travel expenses in accordance with the Standardized Government Travel Regulations, the Subsistence Expense Act of 1926, as amended (except as to per diem rates outside continental United States) and the Act of February 14, 1931, as amended (5 U.S.C. 73a); for the objects specified under the head "General provisions" in title II of the Independent Offices Appropriation Act, 1949, all the provisions of which title unless otherwise specified in this Act, shall be applicable to the expenditure of such funds; and services in accordance with section 15 of the Act of August 2, 1946 (5 U.S.C. 55a): Provided, That in the event any functions budgeted as administrative expenses are subsequently transferred to or paid from other funds, the limitations on administrative expenses herein provided shall be correspondingly reduced.

Sec. 302. No part of any funds of or available to any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building at the seat of government primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

Sec. 303. Funds of the corporations and agencies covered by the provisions of this Act shall be available for payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U.S.C. 921.)

Sec. 304. Any funds of, or available for expenditure by, any corporation or agency included in this Act, which are not subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act (31 U.S.C. 841-869) or other law, shall be accounted for and audited in accordance with the Budget and

Accounting Act, as amended, and no such fund shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant: Provided, That this section shall not be so construed as to modify or repeal any provision of any other law respecting warranting, accounting for, and auditing of funds.

Sec. 305. No part of the funds of, or available for expenditure by, any corporation or agency included in this Act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided further, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any funds available to any corporation or agency included in this Act shall be guilty of a felony, and upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: Provided further, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing laws. (June 30, 1948, P. L. 860, 80th Cong., 62 Stat. 1183.)

BUDGET AND AUDIT REQUIREMENTS

Government Corporation Control Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Government Corporation Control Act."

DECLARATION OF POLICY

Sec. 2. It is hereby declared to be the policy of the Congress to bring Government corporations and their transactions and operations under annual scrutiny by the Congress and provide current financial control thereof. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 31 U.S.C. § 841.)

TITLE I -- WHOLLY OWNED GOVERNMENT CORPORATIONS

SEC. 101. As used in this Act the term "wholly owned Government corporation" means the Commodity Credit Corporation; * * *. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 31 U.S.C. § 846.)

SEC. 102. Each wholly owned Government corporation shall cause to be prepared annually a budget program, which shall be submitted to the President through the Bureau of the Budget on or before September 15 of each year. The Bureau of the Budget, under such rules and regulations as the President may establish, is authorized and directed to prescribe the form and content of, and the manner in which such budget program shall be prepared and presented. The budget program shall be a business-type budget, or plan of operations, with due allowance given to the need of flexibility, including provision for emergencies and contingencies, in order that the corporation may properly carry out its activities as authorized by law. The budget program shall contain estimates of the financial condition and operations of the corporation for the current and ensuing fiscal years and the actual condition and results of operation for the last completed fiscal year. Such budget program shall include a statement of financial condition, a statement of income and expense, an analysis of surplus or deficit, a statement of sources and application of funds, and such other supplementary statements and information as are necessary or desirable to make known the financial condition and operations of the corporation. Such statements shall include estimates of operations by major types of activities, together with estimates of administrative expenses, estimates of borrowings, and estimates of the amount of Government capital funds which shall be returned to the Treasury during the fiscal year or the appropriations required to provide for the restoration of capital impairments. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 598, 31 U.S.C. § 847.)

SEC. 103. The budget programs of the corporation as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual Budget required by the Budget and

Accounting Act, 1921. Amendments to the annual budget programs may be submitted from time to time.

Budget programs shall be submitted for all wholly owned Government corporations covering operations for the fiscal year commencing July 1, 1946, and each fiscal year thereafter. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 598, 31 U. S. C. § 848.)

Sec. 104. The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations. 1 (Dec. 6, 1945, P. L. 248, 79 Cong., 59 Stat. 597, 598. 2 July 30, 1947, P. L. 268, 80th Cong., 61 Stat. 574, 31 U. S. C. Supp. I, § 849.)

Sec. 105. The financial transactions of wholly owned Government corporations shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States: Provided,

1/ Prior to amendment by the Act of July 30, 1947, 61 Stat. 574, Sec. 104 read as follows:

Sec. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of the section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other commitments without reference to fiscal year limitations.

That such rules and regulations may provide for the retention at the offices of such corporations, in whole or in part, of any accounts of accountable officers, covering corporate financial transactions, which are required by existing law to be settled and adjusted in the General Accounting Office, and for the settlement and adjustment of such accounts in whole or in part upon the basis of examinations in the course of the audit herein provided, but nothing in this proviso shall be construed as affecting the powers reserved to the Tennessee Valley Authority in the Act of November 21, 1941 (55 Stat. 775). The audit shall be conducted at the place or places where the accounts of the respective corporations are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporations and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The audit shall begin with the first fiscal year commencing after the enactment of this Act. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 599; 31 U. S. C. § 850.)

Sec. 106. A report of each such audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of the fiscal year for which such audit is made. The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep Congress informed of the operations and financial condition of the several corporations, together with such recommendations with respect thereto as the Comptroller General may deem advisable, including a report of any impairment of capital noted in the audit and recommendations for the return of such Government capital or the payment of such dividends as, in his judgment, should be accomplished. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the corporation concerned at the time submitted to the Congress. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 599, 31 U. S. C. § 851.)

Sec. 107. Whenever it is deemed by the Director of the Bureau of the Budget, with the approval of the President, to be practicable and in the public interest that any wholly owned Government corporation be treated with respect to its appropriations, expenditures, receipts, accounting, and other fiscal matters as if it were a Government agency other than a corporation, the Director shall include in connection with the budget program of such corporation in the Budget a recommendation to that effect. If the Congress approves such

recommendation in connection with the budget program for any fiscal year, such corporation, with respect to subsequent fiscal years, shall be regarded as an establishment other than a corporation for the purposes of the Budget and Accounting Act, 1921, and other provisions of law relating to appropriations, expenditures, receipts, accounts, and other fiscal matters, and shall not be subject to the provisions of this Act other than this section. The corporate entity shall not be affected by this section. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 599, 31 U.S.C. § 852.)

TITLE III -- GENERAL PROVISIONS

SEC. 301. (a) The expenses of auditing the financial transactions of wholly owned and mixed-ownership Government corporations as provided in sections 105 and 202 of this Act shall be borne out of appropriations to the General Accounting Office, and appropriations in such sums as may be necessary are hereby authorized: Provided, That each such corporation shall reimburse the General Accounting Office for the full cost of any such audit as billed therefor by the Comptroller General, and the General Accounting Office shall deposit the sums so reimbursed into the Treasury as miscellaneous receipts: Provided, further, That in making the audits provided in said sections the Comptroller General shall, to the fullest extent deemed by him to be practicable, utilize reports of examinations of Government corporations made by a supervising administrative agency pursuant to law.

(b) For the purpose of conducting such audit the Comptroller General is authorized in his discretion to employ not more than ten persons without regard to the Classification Act of 1923, as amended, only one of whom may be compensated at a rate of as much as but not more than \$10,000 per annum, and to employ by contract, without regard to section 3709 of the Revised Statutes, professional services of firms and organizations for temporary periods or for special purposes.

(c) The audit provided in sections 105 and 202 of this Act shall be in lieu of any audit of the financial transactions of any Government corporation required to be made by the General Accounting Office for the purpose of a report to the Congress or to the President under any existing law.

(d) Unless otherwise expressly provided by law, no funds of any Government corporation shall be used to pay the cost of any private audit of the financial records of the offices of such corporation, except the cost of such audits contracted for and undertaken prior to April 25, 1945. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 601, 31 U.S.C. § 866.)

SEC. 302. The banking or checking accounts of all wholly owned and mixed-ownership Government corporations shall be kept with the Treasurer of the United States, or, with the approval of the Secretary of the Treasury, with a Federal Reserve bank, or with a bank designated as a depositary or fiscal agent of the United States; Provided, That the Secretary of the Treasury may waive the requirements of this section under such conditions as he may determine; And provided further, That this section will not apply to the estab-

lishment and maintenance in any bank for a temporary period of banking and checking accounts not in excess of \$50,000 in any one bank. The provisions of this section shall not be applicable to Federal Intermediate Credit Banks, Production Credit Corporations, the Central Bank for Cooperatives, the Regional Banks for Cooperatives, or the Federal Land Banks, except that each such corporation shall be required to report annually to the Secretary of the Treasury the names of the depositaries in which such corporation keeps a banking or checking account, and the Secretary of the Treasury may make a report in writing to the corporation, to the President, and to the Congress which he deems advisable upon receipt of any such annual report. (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 601, 31 U.S.C. § 867.)

SEC. 303. (a) All bonds, notes, debentures, and other similar obligations which are hereafter issued by any wholly owned or mixed-ownership Government corporation and offered to the public shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, shall be issued in such manner and at such times and sold at such prices as have been or as may be approved by the Secretary of the Treasury.

(b) Hereafter, no wholly owned or mixed-ownership Government corporation shall sell or purchase any direct obligation of the United States or obligation guaranteed as to principal or interest, or both, for its own account and in its own right and interest, at any one time aggregating in excess of \$100,000, without the approval of the Secretary of the Treasury: Provided, That the Secretary of the Treasury may waive the requirement of his approval with respect to any transaction or classes of transactions subject to the provisions of this subsection for such period of time and under such conditions as he may determine.

(c) The Secretary of the Treasury is hereby authorized to exercise any of the functions vested in him by this section through any officer, or employee of any Federal agency whom he may designate, with the concurrence of the head of the agency concerned, for such purpose.

(d) * * * (Dec. 6, 1945, P. L. 248, 79th Cong., 59 Stat. 597, 601, 31 U.S.C. § 868.)

SEC. 304. (a) No corporation shall be created, organized, or acquired hereafter by any officer or agency of the Federal Government or by any Government corporation for the purpose of acting as an agency or instrumentality of the United States, except by Act of Congress or pursuant to an Act of Congress specifically authorizing such action.

(b) No wholly owned Government corporation created by or under the laws of any State, Territory, or possession of the United States or any political subdivision thereof, or under the laws of the District of Columbia, shall continue after June 30, 1948, as an agency or instrumentality of the United States, and no funds of, or obtained from, the United States or any agency thereof, including corporations, shall be invested in or employed by any such corporation after that date, except for purposes of liquidation. The proper corporate authority

of every such corporation shall take the necessary steps to institute dissolution or liquidation proceedings on or before that date: Provided, That prior thereto any such corporation may be reincorporated by Act of Congress for such purposes and term of existence and with such powers, privileges, and duties as authorized by such Act, including the power to take over the assets and assume the liabilities of its respective predecessor corporation. (Dec. 6, 1945, P.L. 248, 79th Cong., 59 Stat. 597, 602, 31 U.S.C. § 869.)

1949 Budget Submitted to Congress

The Budget of the United States Government for the Fiscal Year
Ending June 30, 1949

Part III Business-Type Budget Estimates of Government
Corporations and Enterprises

COMMODITY CREDIT CORPORATION

Purpose and Financial Organization

A statement describing in detail the creation, purposes, and authorities of the Corporation and its financial organization was contained in the budgets heretofore submitted for the fiscal years 1947 and 1948.

The Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, products thereof, foods, feeds, and fibers, for the purpose of stabilizing, supporting, and protecting farm income and prices, assisting in the maintenance of balanced and adequate supplies of such commodities, and facilitating the orderly distribution thereof.

The Corporation has an authorized capital stock of \$100 million, all of which is held by the United States. The Corporation is authorized to borrow \$4,750,000,000 on the credit of the United States. On June 30, 1947, obligations outstanding amounted to \$550,330,021. It is not contemplated that operations during the fiscal year 1949 will require any increase in the Corporation's borrowing power. A statement of the Corporation's financial condition is shown immediately following the narrative material. (Exhibit C.)

Congress has continued the Corporation, under its Delaware charter, as an agency of the United States until June 30, 1948 (Public Law 130, 80th Cong., 1st sess.). Pursuant to the provisions of the Government Corporation Control Act, legislation is under consideration by Congress which would provide the Corporation with a Federal charter after June 30, 1948.

Additional direction was given by the Congress during the past year in the Wool Price Support Act of 1948, Public Law 360, approved August 5, 1947, which provided that the Corporation continue supporting the price of wool at 1946 support levels until December 31, 1948, and authorized the Corporation, until December 31, 1948, to dispose of any wool without regard to any restriction imposed by law.

Analysis of Budget Programs

The budget of the Corporation for the fiscal year 1949 is based on five types of programs carried out under corporate and specific authorities. These types of programs are:

1. Price support program
2. Supply program
3. Foreign purchase program
4. Commodity export program
5. Loan to Secretary of Agriculture
for agricultural conservation
purposes.

In addition, a subsidy program, which during the war years was a major activity of the Corporation, was completed when price ceilings on sugar were terminated effective November 1, 1947. Activities under this program beginning on that date have been limited to its liquidation.

Basically the types of programs carried out by the Corporation are not entirely independent since in carrying out a primary objective in one program, the objective of another program is also attained. For example, purchases under the supply program may reduce or completely absorb the visible surplus of an individual agricultural commodity and in some instances make it unnecessary to carry out a price support operation in connection with that commodity under the price support program. Commodities acquired under the price support program may be used to meet supply requirements or in a commodity export operation which, if they were not so disposed of, would have to be held by the Corporation until other suitable outlets could be developed. Similarly, facilities such as storage and elevating equipment, originally acquired or financed in connection with one program, may be utilized in connection with other programs.

During the period from July 1, 1946, to January 1, 1948, an important part of the operations of the Corporation has been the procurement of supplies of agricultural commodities and products thereof, foods, and related facilities needed for cash paying foreign governments, various relief organizations and Government agencies including, among others, the Departments of the Army and Navy, and the State Department. Wherever possible, price support operations are directed toward developing the production needed to fulfill such needs as well as the needs of our domestic economy. The level of support prices is established in some cases not only with a view to meeting minimum legal requirements but also to bringing about desirable shifts in production and obtaining the needed volume of production.

In addition to the programs carried out by the Corporation, the Secretary of Agriculture under the authority of Public Law 271, approved

July 30, 1947, has determined that Corporation funds should be transferred under the provisions of that act to the appropriation for the eradication of foot-and-mouth and other contagious diseases of animals. Proceeds from the sale of canned meat, procured in Mexico with funds so transferred, are being applied by the Corporation as a credit against the transfers made. It has been assumed that in line with the understanding expressed in House Report 990 on H. R. 4269, Eightieth Congress, reimbursements will be made to the extent of the net transfers. Transfers under this authority have amounted to \$25 million as of December 18, 1947 (see exhibit A). Any additional transfers ordered by the Secretary of Agriculture will increase this amount, but it is assumed that the full amount of such additional transfers will be recovered.

Basic Assumptions

Budget estimates for operations of the Corporation during the fiscal years 1948 and 1949 reflect a continuation of high production and a continued need for large quantities of food and agricultural products in foreign countries. The restoration of foreign agricultural production is progressing but, in view of weather and other conditions in many areas, it does not now appear that it will be restored sufficiently to reduce the demands for food and agricultural products during the fiscal years 1948 and 1949. The serious maladjustment of agricultural production and distribution in foreign countries will continue to influence domestic production and the utilization of such production. It is also assumed that some maladjustments in domestic production and consumption will be apparent but that many commodities will continue to be produced in large volume with full demand for such commodities for domestic and export uses.

The budget estimates have been prepared on the assumption that during the entire budget period there will be a continued high level of national income, industrial activity, general prices, and agricultural production, and that agricultural prices may average slightly higher but will be stabilized and level off during the fiscal year 1949.

Legislation establishing the minimum levels at which prices of basic agricultural commodities are now supported expires upon completion of support activities on the 1948 crop and minimum levels at which prices of Steagall commodities are supported expires on December 31, 1948. Since it has not been decided to what extent or at what minimum levels the Congress will establish support of agricultural commodities subsequent to the expiration of this legislation, fund requirements have been estimated throughout the fiscal year 1949 based upon present support levels. These estimates are, therefore, subject to upward or downward adjustment, depending upon subsequent congressional action in establishing a policy as to the minimum levels at which the Corporation is directed to support agricultural prices and administrative actions taken thereunder.

It has been assumed that the Corporation will be required to supply on a reimbursable basis the domestic and some foreign agricultural commodities needed in carrying out the European recovery programs.

If the general price level rises sharply and results in material increases in the parity index, support prices will also rise sharply since they are required by law to be at a specified percentage of parity prices. When the general price level rises, farm commodity prices generally rise more rapidly than do parity prices. If this should occur, the volume of commodities acquired by the Corporation under the price support program would decline.

If, on the other hand, there should be a substantial decline in national income and consumer purchasing power from the assumed levels, the estimates probably would be inadequate because of the increased volume of commodities acquired under the price support operations, which would very likely more than offset any decline in the level of support prices. Also in a decline in market prices the farm prices usually drop more rapidly than do parity and related support prices.

It is the policy of the Corporation to return the procurement of food and agricultural commodities to meet the needs of various Federal Government agencies, foreign governments, and others to commercial channels as rapidly as possible. The Corporation has discontinued the procurement of many types of foods and agricultural commodities for foreign governments. Present indications are, however, that it will be necessary for the Corporation to procure a portion of the requirements for foreign governments through the marketing period on 1947 crops and that it will be necessary to continue central procurement of commodities for foreign rehabilitation needs throughout the marketing season on 1947 and 1948 crops. It is probable the continued centralized procurement will be required on certain foods and agricultural commodities as long as world food supplies are short and competition in the procurement by several buyers would disrupt domestic markets.

It is assumed that the procurement of agricultural commodities and products thereof in foreign countries will be substantially returned to private trading channels but that the Corporation may be required to purchase limited quantities of agricultural commodities or products thereof if the present policies of some foreign governments on sales for export are continued during the fiscal year 1949. In some instances, sales in foreign countries for exports may be made only on a government-to-government basis. Where such policies exist, the Corporation may purchase commodities produced in foreign countries to meet the needs of this country. The Corporation may also be required to increase the volume of purchases of agricultural commodities in foreign countries materially in furtherance of the objectives of any foreign recovery programs which the Congress may subsequently authorize.

In considering these estimates, it should be recognized that it is very difficult to estimate requirements for the year beginning July 1, 1948, and ending June 30, 1949. Approval of the proposal to authorize the disposition of commodities acquired under the price support program at the price equivalent to the domestic market price of a quantity of wheat having the same caloric value may increase losses materially and decrease the dollar value of sales. The possible effects of such an authorization on the price support program are unknown at this time. As pointed out above, the minimum support levels at, and the extent to, which the Congress will direct and authorize the Corporation to support agricultural prices after December 31, 1948, are also undetermined at this time. In addition to these factors, the financial requirements of the Corporation will depend on weather conditions, volume of domestic and foreign production of practically all agricultural commodities, domestic and foreign economic conditions, availability of dollar exchange, food requirements in foreign countries other than those participating in the European recovery program, and many other unpredictable factors.

Price Support Program

Under its price support program the Commodity Credit Corporation, through loans, purchases, and other operations, supports the prices of various agricultural commodities. The purpose of the program is to place a floor under the farm price of agricultural commodities by assuring farmers a minimum price. In some instances, this support price is established at a level designed to obtain the expanded production of those specific agricultural commodities needed to meet abnormal foreign and domestic requirements. The Corporation carries out its price support program under its charter powers to buy, sell, lend, and engage in other activities with respect to agricultural commodities and their products. To a large extent the Congress has by specific legislation directed that these charter powers be used to support the price of certain agricultural commodities. (This legislation was discussed in some detail in the narrative statement for the 1948 Budget under the heading "Creation and Purpose.")

The price support program may be generally divided into three categories:

(1) Mandatory loans made available upon the basic commodities--corn, cotton, except American-Egyptian cotton, peanuts for nuts, rice, tobacco, and wheat--in accordance with section 8 of the Stabilization Act of 1942, as amended (50 U.S.C. 968), and the act of July 28, 1945 (7 U.S.C. 1312, note).

(2) Mandatory price support through loans, purchases or other operations pursuant to section 4(a) of the act of July 1, 1941, as amended, the so-called "Steagall amendment" (15 U.S.C. 713a-8 (a)), with respect to the following "Steagall commodities": Hogs, eggs, chickens and turkeys, milk and butterfat, dry peas of certain varieties, dry edible beans of certain varieties, soybeans for oil, pea-

nuts for oil, flaxseed for oil, American-Egyptian cotton, potatoes, and sweet potatoes.

(3) Price support operations with respect to agricultural commodities other than those required to be carried out under the acts cited above. These operations include the mandatory support of wool under the provisions of the Act of August 5, 1947 (Public Law 360, 80th Cong., 1st sess.) and the nonmandatory support of a large variety of other commodities, such as, among others, naval stores, several grains, sugar beets, sugarcane, raisins, and prunes, in accordance with the congressional policy stated in section 4(b) of the act of July 1, 1941, as amended.

In carrying out its price support program the Corporation utilizes normal trade facilities to the fullest practicable extent and to this end, private organizations are utilized by the Corporation when it is required by law, in accord with legislative policy, or clearly advantageous to the Corporation. Thus, where loans are made to farmers the Corporation makes use of local banks, cooperatives, and other private lending agencies by entering into contracts with such lending agencies under which the Corporation agrees to take over loans made in accordance with the Corporation's program on or before maturity upon request of the lending agency. In addition, the Corporation enters into contracts with processors and dealers under which they buy through normal trade channels agricultural commodities at support prices for the account of the Corporation or for their own account. In the latter event the Corporation generally agrees (subject to conditions established by the Corporation) to take over their unsold inventories of such agricultural commodities or products processed therefrom or otherwise protects them against loss because of the purchase of commodities at the support prices.

Effective with the crop year 1947, a new type of purchase plan was offered to producers of grains, seeds, peas, beans, and potatoes. The announcements of price support operations for these commodities contain a provision that producers may sign purchase agreements with the Corporation in the period during which loans on such commodities are available. The terms of these purchase agreements generally provide that the Corporation will purchase such quantities of the eligible commodity as the producer elects to deliver within 30 days of the maturity date established for loans on such commodities. The price paid for commodities delivered to the Corporation under these agreements is the applicable loan value or the established support price at the delivery point.

In accordance with the act of February 18, 1946 (Public Law 301, 79th Cong.), \$500 million was paid to the Corporation to be held as a reserve for postwar price support of agriculture. With the issuance of the Presidential proclamation, No. 2714, declaring the cessation of hostilities on December 31, 1946, the post war period for the purposes of this reserve began on January 1, 1947. The Corporation has established

the policy that all price support losses recorded on the books of the Corporation on and after January 1, 1947, should be charged against this reserve.

As indicated under "Basic Assumptions", the price support fund requirements for each commodity are the gross amounts which it is anticipated will be required to support farm prices of agricultural commodities at not less than present minimum statutory levels through June 30, 1949. The termination of emergency price support legislation will not materially reduce the funds needed to support the prices of 1948 crops. The commodities that might be materially affected by any termination of or change in price support levels are the noncrop commodities such as wool, eggs, dairy products, poultry, and naval stores, and the crop commodities of early potatoes and wheat harvested in the last half of the fiscal year 1949.

Loans.--While demand and prices continued at high levels during the fiscal year 1947, the value of loans made increased from \$184,615,551 in 1946 to \$277,790,231. Substantial loans on corn and wheat indicate that producers use loans to facilitate the marketing of their commodities even in periods when market prices are substantially above the loan rates.

It is anticipated that the Corporation will make substantial loans particularly on cotton, grain, peanuts, tobacco, flaxseed, potatoes, and soybeans, during the fiscal years 1948 and 1949. In view of the estimated market conditions in fiscal years 1948 and 1949, collateral acquired in the settlement of loans is expected to continue at a very low level during both years. In fiscal year 1947, \$13,832,537 of collateral was acquired in the settlement of loans, and it is estimated that only \$2,050,045 and \$2,883,000 worth of collateral will be acquired in the settlement of loans during fiscal years 1948 and 1949, respectively. Loans on tobacco are expected to decrease substantially due to the reduction of acreage due to marketing quotas which were approved by vote of producers. It is anticipated that total loans outstanding will increase from \$227,783,000 as of June 30, 1948 to \$324,665,000 as of June 30, 1949.

Purchases.--During the fiscal year 1948, it is estimated that price support purchases will amount to \$371,596,039 and that these purchases will decrease during the fiscal year 1949 to \$335,573,000. This decrease will be due primarily to anticipated strong foreign demand for most commodities during the fiscal year 1949. High prices and strong foreign demand are expected to eliminate the necessity for any grain price support purchases during the fiscal years 1948 and 1949. While some changes in the amounts of individual "Steagall" and other nonbasic price support commodities purchased during the fiscal year 1949 are anticipated due to specific production-consumption conditions and the availability of competitive foods, the total purchases of these commodities are expected to decrease from \$341,596,039, in 1948, to \$303,173,000 in 1949.

Sales.--It is estimated that the volume of sales for fiscal year 1948 will decrease materially from the actual sales made during fiscal year 1947. Since the major portion of the Corporation's cotton stocks were sold in 1947, a sharp reduction of sales of cotton is anticipated in the fiscal year 1948; this reduction more than counter balances anticipated increases in the sale of wool, dairy products, flaxseed, and dried fruit. The decrease in sales from \$368,546,613 in 1948 to \$322,285,000 in 1949 reflects in the main the net result of increases in sales of eggs, flaxseed, soybeans and seeds; decreases in dairy products, poultry, Irish potatoes, peanuts and dried fruit, and the termination of the Puerto Rican and Virgin Islands sugar operations.

Commodity stocks--At the beginning of the fiscal year 1947, commodity stocks held under the price support program amounted to \$398,259,523; these had been reduced to \$300,270,049 at the end of the fiscal year 1947. The principal inventory reduction during fiscal year 1947 occurred in cotton; substantial export sales of this commodity reduced the inventory from \$136,934,562 to \$1,180,556 by the end of the fiscal year 1947. It is estimated that inventories will decrease from \$300,270,049 to \$231,090,000 during the fiscal year 1948 and to \$146,544,000 during the fiscal year 1949. These estimated reductions in inventories are due to the anticipated strong foreign demand for food and to reductions in wool inventory due to anticipated sales at prices competitive to those of foreign wool.

Losses.--Price support operations for the fiscal year 1947 resulted in a realized loss of \$42,784,597. The principal losses sustained were due to the disposition of potato inventories and the sale of wool at prices competitive with imported wool. These losses were partially offset by a substantial profit on the sale of cotton inventories. Estimated realized losses for fiscal year 1948 are \$99,071,900. It is anticipated that major losses will occur in peanuts, eggs, potatoes, and wool. The loss on peanuts is due to the reduced prices received for peanuts sold to crushers in order to support the price of edible peanuts. Potato losses are anticipated because the 1947 crop in early and intermediate States exceeded the amount normal domestic outlets could absorb and disposition of the surplus in export markets and for byproduct uses have been at prices which, on the average, have been considerably below support prices. Losses on wool are expected to continue as a result of sales at prices competitive with imported wool prices. Losses on eggs are anticipated because dollar exchange shortages and competition on a caloric basis with lower-priced foods are expected to necessitate lower prices in order to move this commodity into export channels.

Price support realized losses for the fiscal year 1949 are expected to amount to \$116,559,000. The same commodities on which substantial losses are anticipated in fiscal year 1948 are expected to be the source of the principal losses in 1949. In addition to the factors cited as the principal reasons for anticipated losses in the fiscal year 1948, it is estimated that the sale of a larger portion of egg inventories will be responsible for the increased losses in 1949.

The estimated losses for the fiscal year 1949 are based on the assumptions stated earlier in this Budget submission; however, any major change in the parity level from the level assumed, any major increases in production over those assumed, any change in the sales policy on price support commodities directed by the Congress, or any changes in the economic situation on prices of competitive foods which might reduce consumption could easily increase the losses materially in any one of these commodities.

In supporting the prices on basic commodities it has occasionally been necessary to hold inventories for several years before it was possible to dispose of them with a profit or minimum loss to the Corporation. It is not possible to hold inventories of those non-basic commodities which are classed as either perishable or semi-perishable for extended periods and for that reason immediate outlets must be developed and the inventories disposed of in a relatively short period of time. It is not usually possible to market inventories of perishable and semiperishable commodities by sales at parity prices. Thus, it is ordinarily necessary to divert such inventories into other than normal uses and substantial losses usually occur under such conditions.

As indicated above, all losses resulting from price support operations after January 1, 1947, as evidenced by the books of the Corporation, are charged against the reserve for postwar price support. After adjustments of reserves covering the difference between book and estimated realizable values of inventories and collateral securing loans, the net loss on price support operations for the fiscal year 1947 amounted to \$79,820,970. The portion of this loss, amounting to \$59,950,696, incurred between January 1 and June 30, 1947, was charged to the reserve for postwar price support; the balance of the loss amounting to \$19,870,274 incurred between July 1 and December 31, 1946, was charged against the Corporation's surplus. After adjustments of inventory and loan valuation reserves, it is estimated that the net price support loss to be charged against the reserve for postwar price support will amount to \$91,405,456 for the fiscal year 1948 and to \$80,883,000 for the fiscal year 1949. These estimates of charges against the postwar price support reserve will be affected by changes in the sales price policy of price support commodities directed by the Congress as well as other indefinite economic factors such as price levels, weather, etc.

Supply Program

Under its supply program the Corporation procures foods, agricultural commodities and products thereof, and related materials for the purpose of supplying the requirements of United States Government agencies, foreign governments, relief agencies, and other similar organizations. The centralization of such procurement operations in the Corporation not only has made possible increased efficiency through combined operations but also has eliminated the inflationary effect

of competitive buying which would otherwise result if several Government agencies, as well as numerous representatives of foreign countries, were in the market simultaneously. In addition, it has enabled such operations to be conducted in a manner that provides maximum benefit to American agriculture in that the procurement is carried out during peak marketing seasons and is closely coordinated with the price support program. The Corporation's procurement operations are conducted in accordance with procedures and policies calculated to assure the Corporation against loss. In this connection the Congress by section 4 of the act of July 16, 1943 (15 U. S. C. 713a-9), specifically required that the Corporation be fully reimbursed for services performed, losses sustained, and operating costs incurred or commodities purchased or delivered to or on behalf of any other Government agency. It also procures or aids in the procurement of foods and agricultural commodities and products thereof in order to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation has also procured or aided in the procurement of supplies and facilities needed by farmers in connection with the production, handling, and marketing of agricultural commodities and their products, such as feed, seeds, cotton bagging, fertilizers, and insecticides. The Corporation's supply program is carried out under its charter authority to purchase, sell, or otherwise deal in agricultural commodities and products thereof and related materials and to engage in activities in connection with production, handling, and marketing thereof.

The volume of purchases in the supply program is expected to increase above the 1947 level during the fiscal year 1948 and to continue at approximately the 1948 level during the fiscal year 1949; thus, supply program purchases which amounted to \$1,094,536,066 in fiscal year 1947 are estimated to amount to \$1,689,069,500 in 1948 and \$1,686,387,000 in 1949. The large volume of supply program purchases in 1948 and 1949 is due primarily to the anticipated European recovery programs which are now being considered by the Congress and to the effects of the unfavorable foreign crop conditions encountered during the calendar year 1947. Sales of commodities under the supply program amounted to \$1,277,891,199 in fiscal year 1947, as compared with estimates of \$1,763,055,241 in fiscal year 1948 and \$1,776,349,000 in fiscal year 1949. It is estimated that the inventories of commodities owned by the Corporation under this program which have been reduced from \$240,987,549 as of June 30, 1946, to \$123,244,959 as of June 30, 1947, will amount to \$129,446,000 as of June 30, 1948, and will be slightly reduced to \$99,520,000 by June 30, 1949. These estimates are based on the assumption that European recovery programs will be carried out. Therefore, these estimates of the Corporation's supply program are subject to revision, depending upon final congressional action determining the size and scope of the recovery programs now under consideration.

Foreign Purchase Program

Under its foreign purchase program the Corporation purchases abroad such foods, agricultural commodities and products thereof, and related facilities, as are needed to meet both foreign and domestic requirements. These purchases have consisted largely of commodities in short supply, notably fats and oils, sugar, cocoa beans, longstaple cotton, protein meals, tea, and rice. Most of the purchases have implemented the allocations of agricultural commodities in short world supply made by the International Emergency Food Committee. This program is carried out pursuant to the Corporation's charter authority to purchase and sell commodities both in the United States and foreign countries. The President of the United States on April 28, 1942, approved "the use by the Commodity Credit Corporation of any of its funds for the purpose of carrying out projects involving the acquisition, handling, and disposition of agricultural commodities produced in foreign countries friendly to the United States." On May 16, 1942, the Board of Economic Warfare, which had general jurisdiction over foreign economic matters, designated the Corporation, with certain exceptions, as the sole and exclusive agency for the purchase of agricultural commodities in foreign countries. The foreign purchase program of the Corporation, with the exception of purchases of sugar in Cuba and purchases of commodities in Canada, was transferred to the Foreign Economic Administration by Executive Order 9385 (8 F.R.13783) dated October 6, 1943, but was returned to the Department of Agriculture by Executive Order 9630 (10F. R. 12245) dated September 27, 1945.

Purchases of agricultural commodities and products in foreign countries amounted to \$382,044,014 during the fiscal year 1947, as compared to an estimated \$298,287,700 during the fiscal year 1948 and an estimated \$128,590,000 during the fiscal year 1949. The sharp decrease in estimated purchases for the fiscal year 1949 reflects the anticipated return of a substantial portion of foreign procurement activities to commercial trade channels. The anticipated procurement of oils valued at \$12,150,000 during the fiscal year 1949 is based on the assumption that it may be necessary to acquire some oil to meet domestic requirements which can not be acquired by the trade through normal channels. It is anticipated that all inventories will be liquidated by June 30, 1948, and that any commodities purchased in the fiscal year 1949 will be sold by the end of the fiscal year.

If the Congress determines that foreign agricultural products are to be used extensively in meeting European or other recovery program needs and authorizes Commodity Credit Corporation to enter into relations with the appropriate agencies in the non-European countries to furnish such essential supplies and material, as can be made available, required for expanding production of foods and food products, and to enter into procurement arrangements on mutually agreed

upon terms and conditions of payment, substantial increases in foreign purchase program activities may result.

Commodity Export Program

Under its commodity export program the Corporation exports or causes to be exported agricultural commodities and products. The purpose of the program is to retain foreign markets for agricultural commodities and products thereof produced in the United States and to aid in the disposal of surplus agricultural commodities.

Disposals of agricultural commodities and products thereof for export are made at competitive world prices which are below domestic market prices pursuant to section 21(c) of the Surplus Property Act of 1944 (50 U.S.C. 1630). That section authorizes the Corporation to dispose or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon the Corporation by any law. No food or food product, however, may be disposed of if such food or food product is in short supply or its disposition would create a short supply. Disposals under this authority result in a loss to the Corporation.

Prior to the enactment of section 21 (c) the Corporation's ability to engage in export operations was substantially limited by the statutory prohibition against sales of farm commodities below the parity or comparable price. A cotton project under which cotton is made available for export at competitive world prices was begun in fiscal year 1945. The extent of operations in fiscal year 1949 under this project will depend largely upon the quantity of cotton in the Corporation's stocks. This country normally exports a large portion of its shorter staples and lower grades of cotton and, consequently, provision is made for continuing this project during the fiscal year 1949.

Since the latter part of the fiscal year 1946, the Corporation has limited exports under this program to commodities acquired in price support operations. Assuming the continuation of this practice, the losses on cotton exports, the only currently active operation recorded under this program, will be reduced from \$19,225,915 during the fiscal year 1947 to an estimated \$54,500 during the fiscal year 1948 and to an estimated \$225,000 during the fiscal year 1949. Although the possible existence of acute surpluses in other commodities during the fiscal year 1949 is not apparent at this time, it may become necessary to export other commodities under this program if such acute surpluses develop.

Subsidy Program

The subsidy operations of the Corporation with the exception of sugar and peanut subsidies were terminated on or before June 30, 1946, and were in liquidation during the entire fiscal year 1947; the subsidy on peanuts was terminated early in the fiscal year 1947 and sugar subsidies were terminated in the fiscal year 1948 when price ceilings were removed, effective November 1, 1947.

Subsidy payments on the 1947 crop of sugar were authorized by section 6 of the act of July 25, 1946 (Public Law 545, 79th Cong.) which provided among other things the continuation of subsidy operations on the 1947 sugar crop until the ceiling prices on sugar were removed.

While the financial results of all sugar operations prior to October 31, 1947, have been charged to the subsidy program in order that the total costs of keeping prices to consumers within established ceilings might be shown, each of these operations had two purposes. Thus in addition to maintaining price ceilings, Cuban sugar was purchased to obtain needed supplies to meet domestic and foreign requirements and domestic continental and off-shore sugar operations have supported the price to producers in order to secure full production. Accordingly, with the termination of the subsidy program, the anticipated financial results of these operations are reported under the applicable foreign purchase and price support programs.

Loans to the Secretary of Agriculture for Agricultural Conservation Purposes

Section 391 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1391) requires the Corporation to loan to the Secretary of Agriculture during each fiscal year, such sums, not to exceed \$50 million as the Secretary estimates will be required to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended. These loans are used to purchase conservation materials during the period from January 1 to June 30 of each year. Repayments of such loans are directed to be made during the succeeding fiscal year from funds appropriated to carry out sections 7 to 17 of such act, with interest at a rate determined by the Secretary, but not less than the cost of money to the Corporation.

Operating Results

The Corporation's net gain for the fiscal year 1947 amounted to \$203,727,019; the estimated losses for the fiscal years 1948 and

1949 are \$3,985,000 and \$7,500,000. One of the major factors affecting the profits of the Corporation in the fiscal year 1947 was the covering of the reserve for general commodities purchases in the amount of \$178,697,601 into general income of the Corporation. This reserve represented a mark-up on supply program sales reserved to meet any losses incident to program operations; the reserve was originally established to insure compliance with the provision of section 4 of the act of July 16, 1943 (15 U.S.C. 713a-9). Since the general commodities purchase operation was placed in liquidation on July 1, 1946, and since the amount of the restoration of capital as of June 30, 1946 (Public Law 76, approved May 26, 1947), was based in part on the view that the entire reserve should now be treated as income, this reserve was covered into general income during the fiscal year 1947.

Another major factor affecting the Corporation's recorded net actual and estimated profits and losses for the fiscal years 1947, 1948, and 1949, is the availability of the reserve for postwar price support. Since this reserve became available for postwar price support effective with the declaration of the cessation of hostilities on December 31, 1946, all price support losses recorded on the books of the Corporation on and after January 1, 1947, have been and will be charged against this reserve. These charges amounted to \$59,950,696 during the fiscal year 1947 and are estimated to amount to \$91,405,456 during the fiscal year 1948 and \$80,883,000 during the fiscal year 1949. The Corporation's surplus as of June 30, 1947, amounted to \$17,895,544, and, subject to the adjustments effected by the Treasury's appraisal of the assets and liabilities of the Corporation, it is anticipated that this amount will be returned to the Treasury during the fiscal year 1948.

The Corporation's operating deficit, amounting to \$1,749,120,117, as of June 30, 1946, was eliminated by the net gain of \$203,727,019 (see exhibit B) and the cancellation of Treasury notes amounting to \$1,563,288,642 during the fiscal year 1947. The cancellation of Treasury notes recorded in the fiscal year 1947 resulted from the restorations of capital as of June 30, 1945, and June 30, 1946, provided by Public Law 519 approved July 20, 1946, and Public Law 76 approved May 26, 1947. It is estimated that the Corporation's deficit as of June 30, 1948, will amount to \$3,985,000 and will increase to \$11,485,000 by June 30, 1949, due to the loss of \$7.5 million estimated to be incurred during fiscal year 1949.

Financial Condition

Loans receivable.--The Corporation's loans are principally non-recourse loans made to farmers or cooperative marketing associations and secured by chattel mortgages or warehouse receipts covering agricultural commodities. Loans are made directly by the Corporation or through private lending agencies under agreement with the Corporation and bear

interest at the rate of 3 percent per annum. The actual and estimated values of loans held by private lending agencies as of June 30, 1946, 1947, 1948, and 1949, are reflected in exhibit C, "Obligations to purchase loans held by private lending agencies." The Corporation's contract with commercial lending agencies provides that loans held by such agencies will be taken over on request if the loan papers are in proper order. Private lending agencies receive one-half of the interest earned during the period the loans are held by such agencies.

Since the Corporation accepts the pledged collateral in full settlement of commodity loans, the valuation reserve represents the difference between the Corporation's investment and the estimated sales value of the collateral securing the loans outstanding at the end of each fiscal year.

Commodities owned.—Commodities owned by the Corporation are divided into two broad classifications: (1) Commodities purchased under its supply and foreign purchase program, and; (2) commodities purchased under its price support program. As previously noted, the use and economic effects of these two types of inventories are interrelated—commodities purchased or otherwise acquired under the price support program may be used to meet supply requirements, and domestic purchases to meet supply needs effectively reduce and, in some cases, eliminate the need for a specific operation designed to support domestic farm prices.

The Corporation acquires commodities by direct purchase or by forfeiture of commodities pledged as loan collateral. In some instances forfeited loan collateral commodities are "pooled" for the account of producers; under the pooling arrangement producers have an equitable interest in any net proceeds resulting from the sale of such commodities. A reserve has been established to represent the producers' equity in these pools.

Reserves for anticipated losses on commodities owned represent the difference between the cumulative cost of the commodities and the anticipated selling prices.

Cash.—The cash funds of the Corporation include funds available for administrative and current program operations and funds made available to the Corporation by the Defense Aid Appropriation Act of 1946 as a special reserve for postwar price support activities. When this postwar price support fund of \$500 million was made available during the fiscal year 1946, the Corporation borrowed \$500 million from the United States Treasury on non-interest-bearing notes and retired alike amount of interest-bearing notes. When price support losses are charged against the reserve for post-

war price support, the cash balance of this fund is reduced in a like amount.

With the exception noted above, the Corporation's cash balances are maintained at a minimum through day-to-day borrowing and repayment arrangement with the United States Treasury. All cash, except collections in transit, is on deposit with the Treasurer of the United States.

Accounts and notes receivable.--The major portion of receivables is represented by amounts due from various Government agencies (State Department-foreign aid, War Department, and others). However, receivables from a wide variety of other debtors, including suppliers, warehousemen, processors, railroads, as well as from producers whose loan collateral was found deficient, are included in this classification.

Advances on purchases.--The major portion of advances as of June 30, 1947, is represented by those made on the 1947 sugar crop under the Cuban raw sugar agreements. Part of the shipments of raw sugar from Cuba are financed by means of 90 percent advances by commercial banks for the account of the Corporation. Such advances are liquidated upon delivery of sugar by payments made to banks for the account of the Corporation.

The estimated advances on purchases as of June 30, 1948 and 1949, are composed of amounts which it is anticipated will be advanced to commercial wool handlers for the procurement of wool from producers and for the account of the Corporation. These advances are liquidated when wool is delivered to the Corporation.

Fixed assets.--The major fixed assets are grain bins, related equipment, the natural cooler storage facility at Atchison, Kansas, and in storage facilities(acquired from Army surplus), located at the Kentucky Ordnance Works, Paducah, Ky. The investment in the natural cooler facility was completely amortized by March 31, 1947. Substantial depreciation reserves have been set up against the investment in grain bins and equipment.

Borrowing authority and financing.--The Corporation's operation are financed by borrowing from the United States Treasury or, with approval of the Secretary of the Treasury, from private lending agencies and, in the case of most of the Corporation's loan operations, by arrangements under which the loans are made by local banks, cooperatives, and other private lending agencies upon the Corporation's agreement to take over the loans on demand. Daily reports of disbursements and receipts are received from the Federal Reserve banks which act as fiscal agents for the Corporation. If daily disbursements exceed daily receipts, a loan in the amount of such excess is obtained from the United States Treasury; if receipts exceed disbursements, the excess is applied as a repayment against the Corporation's loan balance. This procedure assures that the Corporation's cash balance on deposit with the United States Treasury and

interest on borrowings are kept at a minimum. In some instances, funds are borrowed from private lending agencies when, in addition to obtaining funds, the Corporation desires to utilize the facilities of such lending agencies in carrying out a particular operation. All borrowing agreements with private lending agencies are approved by the Secretary of the Treasury. In making loans to farmers on agricultural commodities, the facilities of commercial banks, cooperatives, and other private lending agencies are used extensively. Under the terms of agreements with such lending agencies, the Corporation agrees that loans made in accordance with the Corporation's requirements will be taken over by the Corporation upon demand of the lending agency. These agreements also provide that the Corporation is to receive one-half of the 3 percent interest collected by the private lending agencies if loans are repaid while carried by such agencies. If a loan is taken over by the Corporation, the Corporation pays the loan principal plus a maximum of one-half of the accrued interest to the private lending agency.

The balance of borrowings decreased from \$1,582,342,884 as of June 30, 1946, to \$550,330,021 as of June 30, 1947, and it is estimated that net outstanding borrowings will be \$261 million as of June 30, 1948, and \$181,985,000 as of June 30, 1949. It should be noted, however, that the seasonal nature of the Corporation's activities will undoubtedly result in much higher outstanding borrowings during several periods within the fiscal year than will be outstanding as of the end of the fiscal year.

The present borrowing authority of \$4,750,000,000 is considered adequate to meet all financing requirements of the Corporation during the fiscal year 1949. Since the Corporation follows the practice of charging the estimated gross fund requirements for the program against the borrowing authorization, it will not approve a new program unless there is sufficient uncommitted borrowing authorization to cover the program. Only in this manner can the Corporation guarantee fully that funds will be available to carry out each program.

Accounts payable.—Accounts payable are largely composed of amounts due to vendors for commodities acquired for the Corporation's supply program. Amounts due to other Government agencies, producers, railroads, and other miscellaneous creditors are also included in accounts payable.

Reserves.—The reserve for postwar price support was established in accordance with Public Law 301, Seventy-ninth Congress, approved February 18, 1946, which provided, among other things, that \$500 million should be paid to the Corporation and "continued as a reserve fund for expenditure, as and when necessary, for the postwar price support of agriculture." Since charges against this reserve were begun on January 1, 1947, following the declaration of the end of hostilities, all price support losses recorded on or after this date have been and will be charged against this reserve.

The reserve for producers' equity represents amounts due to producers as a result of sale of "pooled" commodities. Under the pooling arrangements an equitable interest in the profits resulting from pool operations is reserved for pool participants. The producers' equities on each pool are paid after the pooled inventory has been completely liquidated and the net operating results determined.

Effect on the Government Budget

The Corporation's activities resulted in net budgetary expenditures of \$431,712,302 in the fiscal year 1947 and it is anticipated that net budgetary receipts of \$229,293,145 will be realized in 1948 while net budgetary expenditures of \$12,105,700 will occur in 1949.

Administrative Expenses

Administrative expenses cover the costs of the general supervisory and operating staff engaged in the supervision of the operation of the programs carried out by the Corporation. Estimated costs of the audit of the Corporation's accounts by the General Accounting Office are included as administrative expenses. Such audit costs were not included under the administrative limitation in prior budgets. There are not included in administrative expenses, however, necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest. Such expenses are treated as nonadministrative expenses as provided in the language carried annually in the appropriation act making corporate funds available for administrative expenses. The language proposed for the fiscal year 1949 authorizing expenditures for administrative expenses of the Corporation contemplates that the Corporation will, consistent with its established practice, treat as non-administrative expense all expenses of the types which have been so treated during the 1948 fiscal year. In accordance with the change in policy discussed in the budget for the fiscal year 1948, expenditures for administrative equipment purchased are capitalized and are not charged against the administrative limitation. It is also contemplated that administrative expenses will be accounted for on a obligation basis as has been the case in the current and prior years.

The work of the Corporation is performed by its employees and other employees of the Production and Marketing Administration, and the Corporation assumes its equitable share of expenses for personnel and other expenses. The actual expenses for the fiscal year 1947 and the estimates for the fiscal years 1948 and 1949 are reflected in schedules following the authorizing language, part II of the Budget; the estimates for the fiscal year 1949 include a limitation of \$7,575,000 for costs of administration exclusive of reimbursements for services performed.

The requested administrative funds are based on the character and volume of operations reflected in the program estimates. If any other functions or programs are assigned to the Corporation, additional administrative funds may be required.

Restoration of Capital

The act of March 8, 1938 (5 Stat. 107), provided that as of March 31 of each year an appraisal of all the assets and liabilities of the Corporation for the purpose of determining the net worth of the Corporation shall be made by the Secretary of the Treasury. The legislation provided for a basis of evaluating the assets. The act further provided that should such appraisal establish the net worth of the Corporation as less than \$100 million, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such capital impairment by a contribution to the Corporation in the amount of such impairment; if the appraisal establishes the net worth of the Corporation as more than \$100 million, the amount of the surplus is paid to the United States Treasury. The act of April 12, 1945 (59 Stat. 50), changed the date of appraisal from March 31 to June 30, beginning with June 30, 1945. A summary of capital impairment, restoration of capital by the Secretary of the Treasury, and payments by the Corporation into the Treasury is given in schedule C-3.

The Corporation's books show a surplus of \$17,895,544 as of June 30, 1947. The amount of this surplus as adjusted in the appraisal of the assets and liabilities of the Corporation by the Secretary of the Treasury will be returned to the United States Treasury. (The Budget of the United States Government for the Fiscal Year Ending June 30, 1949, Part III Business-Type Budget Estimates of Government Corporations and Enterprises, Commodity Credit Corporation, page 1149.)

[The exhibits to the 1949 Budget, referred to therein, have not been prepared for inclusion in this Compilation.]

PRICE SUPPORT OPERATIONS

Agricultural Adjustment Act of 1938Loans On Agricultural Commodities

Sec. 302. 1/ (a) The Commodity Credit Corporation is authorized, upon recommendation of the Secretary and with the approval of the President, to make available loans on agricultural commodities (including dairy products). Except as otherwise provided in this section, the amount, terms, and conditions of such loans shall be fixed by the Secretary, subject to the approval of the Corporation and the President. (Feb. 16, 1938, P.L. 430, 75th Cong., 52 Stat. 31, 43, 7 U.S.C. § 1302(a).)

Wheat Loans

Sec. 302. 1/ (b) The Corporation is directed to make available to cooperators loans upon wheat during any marketing year beginning in a calendar year in which the farm price of wheat on June 15 * or at any time thereafter during such marketing year * is below 52 per centum of the parity price * at any such time * or the July crop estimate for wheat is in excess of a normal year's domestic consumption and exports, at rates not less than 52 per centum and not more than 75 per centum of the parity price of wheat at the beginning of the marketing year. In case marketing quotas for wheat are in effect in any marketing year, the Corporation is directed to make available, during such marketing year, to noncooperators, loans upon wheat at 60 per centum of the rate applicable to cooperators.2/ A loan on wheat to a noncooperator shall be made only on so much of his wheat as would be subject to penalty if marketed.3/ (Feb. 16, 1938, P.L. 430, 75th Cong., 52 Stat. 31, 43; June 21, 1938, Pub. Res. 122, 75th Cong., 52 Stat. 820; 7 U.S.C. § 1302(b).)

1/ See the Agricultural Act of 1948 (July 3, 1948, P.L. 897, 80th Cong., 62 Stat. 1247, 1252) for Section 302, as amended, effective January 1, 1950.

2/ These rates were superseded by Act of May 26, 1941, as amended (55 Stat. 203, 205; Dec. 26, 1941, 55 Stat. 860; 7 U.S.C. §§ 1330, 1340); Act of Oct. 2, 1942, as amended (56 Stat. 765, 767; June 30, 1944, 58 Stat. 632, 643; 50 U.S.C. App. § 968); and the Agricultural Act of 1948 (July 3, 1948, P.L. 897, 80th Cong., 62 Stat. 1247).

3/ Portions from * to * added by Act of June 21, 1938, 52 Stat. 820.

Cotton Loans

Sec. 302. 1/(c) The Corporation is directed to make available to cooperators loans upon cotton during any marketing year beginning in a calendar year in which the average price on August 1 * or at any time thereafter during such marketing year * of seven-eighths Middling Spot cotton on the ten markets designated by the Secretary is below 52 per centum of the parity price of cotton * at any such time* or the August crop estimate for cotton is in excess of a normal year's domestic consumption and exports, at rates not less than 52 per centum and not more than 75 per centum of the parity price of cotton as of the beginning of the marketing year. In case marketing quotas for cotton are in effect in any marketing year, the Corporation is directed to make available, during such marketing year, to noncooperators, loans upon cotton at 60 per centum of the rate applicable to cooperators. 2/ A loan on cotton to a noncooperator shall be made only on so much of his cotton as would be subject to penalty if marketed. 3/ (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 43; June 21, 1938, Pub. Res. 122, 75th Cong., 52 Stat. 820, 7 U. S. C. § 1302 (c).)

Corn Loans

Sec. 302.1/ (d) The Corporation is directed to make available loans upon corn during any marketing year beginning in the calendar year in which the November crop estimate for corn is in excess of a normal year's domestic consumption and exports, or in any marketing year when on November 15* or at any time thereafter during such marketing year * the farm price of corn is below 75 per centum of the parity price, at the following rates:

75 per centum of such parity price if such estimate does not exceed a normal year's consumption and exports and the farm price of corn is below 75 per centum of the parity price on November 15 * or at any time thereafter during such marketing year *;

1/ See the Agricultural Act of 1948 (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1252) for Section 302, as amended, effective January 1, 1950.

2/ These rates were superseded by Act of May 26, 1941, as amended (55 Stat. 203, 205; Dec. 26, 1941, 55 Stat. 860; 7 U. S. C. ^{SS} 1330, 1340); Act of Oct. 2, 1942, as amended (56 Stat. 765, 767, June 30, 1944, 58 Stat. 632, 643; 50 U. S. C. App. § 968); and the Agricultural Act of 1948 (July 3, 1948, P. L. 897, 80 Cong., 62 Stat. 1247).

3/ Portions from * to * added by Act of June 21, 1938, 52 Stat. 820.

70 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by not more than 10 per centum;

65 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 10 per centum and not more than 15 per centum;

60 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 15 per centum and not more than 20 per centum;

55 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 20 per centum and not more than 25 per centum;

52 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 25 per centum. 1/

Loans shall be made to cooperators in the commercial corn-producing area at the applicable rate of the above schedule. Loans shall be made to noncooperators within such commercial corn-producing area but only during a marketing year in which farm marketing quotas are in effect and only on corn stored under seal pursuant to section 324, and the rate of such loans shall be 60 per centum of the applicable rate under the above schedule. Loans shall be made to cooperators outside such commercial corn-producing area, and the rate of such loans shall be 75 per centum of the applicable rate under the above schedule. (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 43; June 21, 1938, Pub. Res. 122, 75th Cong., 52 Stat. 820, 7 U. S. C. § 1302 (d).) 2/

1/ These rates were superseded by Act of May 26, 1941, as amended (55 Stat. 203, 205; Dec. 26, 1941, 55 Stat. 860; 7 U. S. C. §§ 1330, 1340), Act, of Oct. 2, 1942, as amended (56 Stat. 765, 767, June 30, 1944, 58 Stat. 632, 643; 50 U. S. C. App. § 968); and the Agricultural Act of 1948 (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247.)

2/ Portions from * to * added by Act of June 21, 1938, 52 Stat. 820.

Rates of Loans for Non-Standard Commodities

Sec. 302. 1/ (e) The rates of loans under subsections (b), (c) and (d) on wheat, cotton, and corn not of standard grade, type, staple, or quality shall be increased or decreased in relation to the rates above provided by such amounts as the Secretary prescribes as properly reflecting differences from standard in grade, type, staple, and quality. (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 44, 7 U. S. C. § 1302(e).)

Cooperator Defined

Sec. 302. 1/ (f) For the purposes of subsections (b), (c), and (d), a cooperator shall be a producer on whose farm the acreage planted to the commodity for the crop with respect to which the loan is made does not exceed the farm acreage allotment for the commodity under this title, or, in the case of loans upon corn to a producer outside the commercial corn-producing area, a producer on whose farm the acreage planted to soil-depleting crops does not exceed the farm acreage allotment for soil-depleting crops for the year in which the loan is made under the Soil Conservation and Domestic Allotment Act, as amended. For the purposes of this subsection a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded his farm acreage allotment. (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 44, 7 U. S. C. § 1302(f).)

Prohibition on Loans after Adverse Referendum

Sec. 302. 1/ (g) Notwithstanding any other provision of this section, if the farmers producing cotton, wheat, corn, or rice indicate by vote in a referendum carried out pursuant to the provisions of this title that marketing quotas with respect to such commodity are opposed by more than one-third of the farmers voting in such a referendum, no loan shall be made pursuant to this section with respect to the commodity during the period from the date on which the results of the referendum are proclaimed by the Secretary until the beginning of the second succeeding marketing year for such commodity. This subsection shall not limit the availability or renewal of any loan previously made. (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 44; 7 U. S. C. § 1302(g).)

1/ See the Agricultural Act of 1948 (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1252) for Section 302, as amended, effective January 1, 1950.

Nonrecourse Loans

Sec. 302. 1/ (h) No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan under this section unless such loan was obtained through fraudulent representations by the producer. (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 44; 7 U. S. C. § 1302(h).)

Utilization of Services and Personnel of the Department

Sec. 302. 1/ (i) In carrying out this section the Corporation is directed, with the consent of the Secretary, to utilize the services, facilities and personnel of the Department. (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 44; 7 U. S. C. § 1302(i).)

Peanut Loans

Sec. 359. (d) If, in any referendum carried out pursuant to subsection (b) of section 358, marketing quotas with respect to peanuts are opposed by more than one-third of the farmers voting in such referendum, no peanut-diversion program or peanut loan shall be in effect with respect to the crop produced in the calendar year immediately following that in which the referendum is held. If quotas are approved by not less than two-thirds of the farmers voting in such referendum, either a peanut-diversion program or a peanut-loan program, or both, shall be in effect with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. The Commodity Credit Corporation is directed to make available loans upon peanuts during any marketing year in which marketing quotas are in effect. Such loans shall be made only to producers, farmer cooperatives, and farmer associations, only on the marketing quota for each farm, at rates not less than 50 per centum and not more than 75 per centum of the parity price of peanuts as of the beginning of the marketing year (which parity price shall be on the basis of the formula used in determining the parity prices of peanuts as published by the Bureau of Agricultural Economics in The Agricultural Situation, volume 25, number 1, January 1941), and the peanuts shall be the sole security for such loans. If a referendum is held in 1941 with respect to the crop produced in 1941, the provisions

1/ See Agricultural Act of 1948 (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1252) for Section 302, as amended, effective January 1, 1950.

of this subsection shall apply as though such referendum had been held in the calendar year 1940. 1/ (April 3, 1941, P.L. 27, 77th Cong., 55 Stat. 88, 90; Aug. 1, 1947, P.L. 323, 80th Cong., 61 Stat. 721; 7 U.S.C., Supp. I, § 1359.)

Insurance of Cotton

Sec. 383. (a) The Commodity Credit Corporation shall place all insurance of every nature taken out by it on cotton, and all renewals, extensions, or continuations of existing insurance, with insurance agents who are bona fide residents of and doing business in the State where the cotton is warehoused: Provided, That such insurance may be secured at a cost not greater than similar insurance offered on said cotton elsewhere. (Feb. 16, 1938, P.L. 430, 75th Cong., 52 Stat. 31, 67, 7 U.S.C. § 1383.)

Reconcentration of Cotton

Sec. 383. (b) Cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not hereafter be reconcentrated without the written consent of the producer or borrower. (Feb. 16, 1938, P.L. 430, 75th Cong., 52 Stat. 31, 67, 7 U.S.C. § 1383.)

Finality of Farmers' Payments and Loans

Sec. 385. The facts constituting the basis for any Soil Conservation Act payment, parity payment, loan, or price support operation, 2/ or the amount thereof when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. In case any person who is entitled to any such payment dies, becomes incompetent, or disappears before receiving such payment, or is succeeded by another who renders or completes the required performance, the payment shall, without regard to any other provisions of law, be made as the Secretary of Agriculture may determine to be fair and reasonable in all the circumstances and provided by regulations. (Feb. 16, 1938, P.L. 430, 75th Cong., 52 Stat. 31, 68; 7 U.S.C. § 1385.)

1/ These rates were superseded by Act of May 26, 1941, as amended (55 Stat. 203, 205; Dec. 26, 1941, 55 Stat. 860; 7 U.S.C. §§ 1330, 1340); Act of Oct. 2, 1942, as amended (56 Stat. 765, 767; June 30, 1944, 58 Stat. 632, 643; 50 U.S.C. App. § 968); and the Agricultural Act of 1948 (July 3, 1948, P.L. 897, 80th Cong., 62 Stat. 1247). The section is repealed by the Agricultural Act of 1948, effective January 1, 1950.

2/ The words "loan, or price support operation" were substituted for "or loan" by the Agricultural Act of 1948 (July 3, 1948, P.L. 897, 80th Cong., 62 Stat. 1247), effective January 1, 1950.

Utilization of Local Agencies

Sec. 388. (a) The provisions of section 8(b) and section 11 of the Soil Conservation and Domestic Allotment Act, as amended, relating to the utilization of State, county, local committees, the extension service, and other approved agencies, and to recognition and encouragement of cooperative associations, shall apply in the administration of this Act; and the Secretary shall, for such purposes, utilize the same local, county, and State committees as are utilized under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended. The local administrative areas designated under section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, for the administration of programs under that Act, and the local administrative areas designated for the administration of this Act shall be the same. (Feb. 16, 1938, P.L. 430, 75th Cong., 52 Stat. 31, 68; 7 U.S.C. § 1388(a).)

(b) The Secretary is authorized and directed, from any funds made available for the purpose of the Acts in connection with which county committees are utilized, to make payments to county committees of farmers to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of such Acts. All or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or loans, or other payments under such Acts, made unless payment of such expenses is otherwise provided by law. The Secretary may make such payments to such committees in advance of determination of performance by farmers. (Feb. 16, 1938, P.L. 430, 75th Cong., 52 Stat. 31, 68; 7 U.S.C. § 1388 (b).)

Act of June 16, 1938

Reconcentration of Cotton

In the administration of section 383 (b) of the Agricultural Adjustment Act of 1938 the written consent of the producer or borrower to the reconcentration of any cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not be deemed to have been given unless such consent shall have been given in an instrument made solely for that purpose. Notwithstanding any provision of any loan agreement heretofore made, no cotton held under any such agreement as security for any such loan shall be moved from one warehouse to another unless the written consent of the producer or borrower shall have been obtained in a separate instrument given solely for that purpose, as required by this Act. The giving of written consent for the reconcentration of cotton shall not be made a condition upon the making of any loan hereafter made or arranged for by the Commodity Credit Corporation: Provided, however, That in cases where there is congestion and lack of storage facilities, and the local warehouse certifies such fact and requests the Commodity Credit Corporation to move the cotton for reconcentration to some other point, or when the

Commodity Credit Corporation determines such loan cotton is improperly warehoused and subject to damage, or if uninsured, or if any of the terms of the loan agreement are violated, or if carrying charges are substantially in excess of the average of carrying charges available elsewhere, and the local warehouse, after notice, declines to reduce such charges, such written consent as provided in this amendment need not be obtained; and consent to movement under any of the conditions of this proviso may be required in future loan agreements. (June 16, 1938, P.L. 660, 75th Cong., 52 Stat. 762, 7 U.S.C. § 1383a.)

Act of July 28, 1945

Loans on Tobacco

Sec. 2. Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized and directed, beginning with the 1945 crop, to make available upon any crop of fire-cured, dark air-cured and Virginia sun-cured tobacco, if producers have not disapproved marketing quotas for such tobacco for the marketing year beginning with the calendar year in which such crop is harvested, loans or other price support at, in the case of fire-cured tobacco, 75 per centum of the loan rate for burley tobacco for the corresponding crop and, in the case of dark air-cured and Virginia sun-cured tobacco, at 66-2/3 per centum of such burley tobacco loan rate. 1/ (July 28, 1945, 59 Stat. 506, 7 U.S.C. § 1312n.)

1/ Section 5 of the Agricultural Act of 1948 (July 3, 1948, P.L. 897, 80th Cong., 62 Stat. 1247, 1250), provides as follows: "Notwithstanding any of the provisions of this Act, the Act of July 28, 1945 (59 Stat. 506) shall continue in effect."

Act of August 5, 1947

Wool Price Support

Section 1. (a) The Commodity Credit Corporation shall continue, until June 30, 1950, ^{1/} to support a price to producers of wool in the continental United States and Territories at the price it supported wool in 1946.

(b) Notwithstanding any other provisions hereof the Commodity Credit Corporation may adjust support prices for individual grades and qualities of wool for the purpose of bringing about a fair and equitable relationship in the support prices for the various grades and qualities of wool; and may make discounts from support prices for off-quality, inferior-grade, or poorly prepared wool.

Section 2. The provisions of sections 385, 386, and 388 of the Agricultural Adjustment Act of 1938, as amended, shall be applicable to the support operations carried out pursuant to the first section of this Act.

Section 3. The Commodity Credit Corporation may, until June 30, 1950, ^{1/} dispose of wool owned by it without regard to any restriction imposed upon it by law. (August 5, 1947, P. L. 360, 80th Cong., 61 Stat. 769; 15 U. S. C. Supp. I, § 713a-8n; July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

^{1/} The date "June 30, 1950" was inserted in lieu of "December 31, 1948" by the Agricultural Act of 1948 (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1250), effective January 1, 1949.

Agricultural Act of 1948

TITLE I -- 1949 PRICE STABILIZATION 1/

Section 1. Notwithstanding any other provision of law, the Secretary of Agriculture is authorized and directed through any instrumentality or agency within or under the direction of the Department of Agriculture, by loans, purchases, or other operations—

Basic Commodities

(a) To support prices received by producers of cotton, wheat, corn, tobacco, rice, and peanuts marketed before June 30, 1950, if producers have not disapproved marketing quotas for such commodity for the marketing year beginning in the calendar year in which the crop is harvested. The price support authorized by this subsection shall be made available as follows:

(1) To cooperators at the rate of 90 per centum of the parity price for the commodity as of the beginning of the marketing year;

(2) To noncooperators at the rate of 60 per centum of the rate specified in (1) above and only on so much of the commodity as would be subject to penalty if marketed.

All provisions of law applicable with respect to loans under the Agricultural Adjustment Act of 1938, as amended, shall, insofar as they are consistent with the provisions of this subsection, be applicable with respect to loans or other price-support operations authorized under this subsection, except that for the purpose of computing the parity price for Maryland tobacco the base period shall be the period August 1936 to July 1941 in lieu of the period August 1919 to July 1929. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247).

"Steagall Commodities"

(b) To support until January 1, 1950, a price to producers of commodities with respect to which the Secretary of Agriculture by public announcement pursuant to the provisions of the Act of July 1, 1941, as

1/ Sections 1, 2, and 5 of Title I are effective as of January 1, 1949. (Sec. 6., Agricultural Act of 1948.)

amended, requested an expansion of production 1/ of not less than 60 percentum of the parity or comparable price therefor nor more than the level at which such commodity was supported in 1948, except that Irish potatoes harvested before January 1, 1949, milk and its products, hogs, chickens, and eggs shall be supported at 90 per centum of the parity or comparable price. The comparable price for any such commodity shall be determined and used by the Secretary for the purposes of this subsection if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for the commodities referred to in (a) hereof. In carrying out the provisions of this subsection the Secretary of Agriculture shall have the authority to require compliance with production goals and marketing regulations as a condition to eligibility of producers for price support. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

Wool

(c) Section 1 and 3 of the Act approved August 5, 1947 (Public Law 360, 80th Congress), are amended by striking out in each section the date "December 31, 1948" wherever it appears and inserting in lieu thereof the date "June 30, 1950". 2/ (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

Other Commodities

(d) It is hereby declared to be the policy of Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsections (a), (b), and (c) hereof) shall be carried out until January 1, 1950, so as to bring the price and income of the producers of other agricultural commodities not covered by subsections (a), (b), and (c) to a fair parity relationship with the commodities included under subsections (a), (b), and (c), to the extent that funds for such operations are available after taking into account the operations with respect to the commodities covered by subsections (a), (b), and (c). In carrying out the provisions of this subsection the Secretary of Agriculture shall have the authority to require compliance with production goals and marketing regulations as a condition to

1/ The so-called "Steagall Commodities": Hogs, eggs, chickens and turkeys, milk and butterfat, dry peas of certain varieties, dry edible beans of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, American-Egyptian cotton, potatoes, and sweetpotatoes. For public announcements with respect to the expansion of non-basic agricultural commodities, made pursuant to section 4(a) of the Act of July 1, 1941 (P. L. 147, 77th Cong., 55 Stat. 498) see 6 F. R. 4644, 7 F. R. 422, 7 F. R. 9986, 8 F. R. 12524, 9 F. R., 4837, 11 F. R. 2651, 12 F. R. 1187, 12 F. R. 1611, and 12 F. R. 5689.

2/ For Act of August 5, 1947, see page 99.

eligibility of producers for price support. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

Funds

Section 2. From any funds available to the Department of Agriculture or any agency operating under its direction for price support operations or for the disposal of agricultural commodities, the Secretary of Agriculture is authorized and directed to use such sums as may be necessary to carry out the provisions of section 1 of this Act. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

Tobacco

Section 5. Notwithstanding any of the provisions of this Act, the Act of July 28, 1945 (59 Stat. 506) shall continue in effect. 1/(July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248).

TITLE II -- AMENDMENTS TO THE AGRICULTURAL
ADJUSTMENT ACT OF 1938 2/

* * *

Price Support

Section 202. (a) Section 302 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"Sec. 302. (a) -- The Secretary, through the Commodity Credit Corporation (except as provided in subsection (c)) and other means available to him, is authorized to support prices of agricultural commodities to producers through loans, purchases, payments, and other operations. Except as otherwise provided in this section, the amounts, terms and conditions of such price support operations, and the extent to which such operations are carried out, shall, in the case of operations carried out by Commodity Credit Corporation, be determined by the Corporation with the approval and subject to the direction of the Secretary, and, in the case of operations carried out by other means, be determined by the Secretary. In making such determinations, consideration shall be given (1) the supply of the commodity in relation to the demand therefore, (2) the price levels at which other commodities are being supported, (3) the availability of funds, (4)

1/ For Act of July 28, 1945, see page 98.

2/ Title II is effective as of January 1, 1950 (Sec. 303, Agricultural Act of 1948.)

the perishability of the commodity, (5) its importance to agriculture and the national economy, (6) the ability to dispose of stocks acquired through a price support operation, (7) the need for offsetting temporary losses of export markets, and (8) the ability and willingness of producers to keep supplies in line with demand. Compliance by the producer with acreage allotments, production goals, and marketing practices prescribed by the Secretary may be required as a condition of eligibility for price support. The Secretary shall in all cases give consideration to the practicability of supporting prices indirectly, as by the development of improved merchandising methods, rather than directly by purchase or loan. (July 3, 1948. P. L. 897, 80th Cong., 62 Stat. 1247, 1252.)

Basic Commodities

"(b) (1) Price support shall be made available to producers of any basic agricultural commodity at levels determined as hereinafter provided in this subsection. On the basis of the latest available statistics of the Department of Agriculture as of the beginning of each marketing year for each such basic agricultural commodity, the Secretary shall, with respect to such marketing year and such basic agricultural commodity—

"(i) estimate the total supply;

"(ii) determine the normal supply; and

"(iii) determine the percentage which the estimated total supply is of the normal supply (such percentage being referred to herein as the 'supply percentage').

"(2) The level at which the price of such basic agricultural commodity for such marketing year shall be supported for cooperators (other than cooperators outside the commercial corn-producing area, in the case of corn) shall not exceed 90 per centum of the parity price of such commodity as of the beginning of the marketing year or be less than the percentage of its parity price as of the beginning of such marketing year determined from the following table:

The level of support shall
be not less than the fol-
lowing percentage of the
parity price:

If the supply percentage is:

Not more than 70	90
More than 70 but not more than 72	89
More than 72 but not more than 74	88
More than 74 but not more than 76	87
More than 76 but not more than 78	86

More than .78 but not more than 80	85
More than 80 but not more than 82	84
More than 82 but not more than 84	83
More than 84 but not more than 86	82
More than 86 but not more than 88	81
More than 88 but not more than 90	80
More than 90 but not more than 92	79
More than 92 but not more than 94	78
More than 94 but not more than 96	77
More than 96 but not more than 98	76
More than 98 but not more than 102	75
More than 102 but not more than 104	74
More than 104 but not more than 106	73
More than 106 but not more than 108	72
More than 108 but not more than 110	71
More than 110 but not more than 112	70
More than 112 but not more than 114	69
More than 114 but not more than 116	68
More than 116 but not more than 118	67
More than 118 but not more than 120	66
More than 120 but not more than 122	65
More than 122 but not more than 124	64
More than 124 but not more than 126	63
More than 126 but not more than 128	62
More than 128 but not more than 130	61
More than 130	60

"(3) Notwithstanding the foregoing provisions of this section--

"(A) the minimum level of price support to cooperators for any basic agricultural commodity shall be 120 percentum of the minimum level determined from the foregoing table, if acreage allotments are in effect at the beginning of the planting season for such commodity, or if marketing quotas are in effect at the beginning of the marketing year for such commodity; but in no case shall the level of price support for any commodity be increased thereby above 90 per centum of its parity price as of the beginning of the marketing year; and

"(B) the level of price support for any basic agricultural commodity normally marketed in any marketing year with respect to which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity as of the beginning of such marketing year.

"(4) The level at which the price of corn shall be supported for cooperators outside the commercial corn-producing area shall be 75 per centum of the level at which the price is supported for cooperators in the commercial corn-producing area with respect to corn.

"(5) Notwithstanding the foregoing provisions of this section, the level of price support to cooperators for any crop of tobacco for which marketing quotas are in effect shall be 90 per centum of its parity price as of the beginning of the marketing year. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1252.)

Nonbasic Commodities

"(c) The support price for any nonbasic agricultural commodity shall not exceed 90 per centum of the parity price for the commodity as of the beginning of the marketing year or season in the case of a commodity marketed on a marketing year or seasonal basis; and as of January 1 in the case of any other commodity. Any price support operation undertaken with respect to either turkeys or chickens shall be applicable to all chickens, including broilers, appropriate adjustments being made as provided in subsection (e) of this section: Provided, That if any price support operation is undertaken with respect to either chickens or turkeys, the same parity price support operation shall be undertaken with respect to ducks and ducklings and other poultry. The price of wool shall be supported at such level, not in excess of 90 per centum nor less than 60 per centum of its parity price as of January 1, as the Secretary may consider necessary in order to encourage an annual production of approximately 360,000,000 pounds of shorn wool. The price of any kind of Irish potatoes harvested after December 31, 1949, shall be supported at not less than 60 per centum nor more than 90 per centum of the parity price for Irish potatoes as of the beginning of its marketing season. The Commodity Credit Corporation shall not carry out any operation to support the price of any nonbasic agricultural commodity (other than Irish potatoes) which is so perishable in nature as not to be reasonably storable without excessive loss or excessive cost; but any such operation may be carried out by the Secretary through other means available to him such as those provided by section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended: Provided, That the foregoing provisions shall not be construed to prohibit the Commodity Credit Corporation from supporting the price of any perishable nonbasic agricultural commodity by a loan, purchase, payment, or other operation undertaken with respect to a storable commodity processed from such perishable nonbasic agricultural commodity; Provided further, That the Secretary, in carrying out programs with respect to perishable and nonperishable commodities under section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, and section 6 of the National School Lunch Act, may utilize the services and facilities of the Commodity Credit Corporation (including but not limited to procurement by contract) and make advance payments to it: And provided further, That in any fiscal year, if at the end of the preceding fiscal year the sums appropriated under said section 32 and remaining unexpended do not exceed \$300,000,000, Commodity Credit Corporation may, as provided in section 302 (a) of this Act, carry out any operation to support the price of any such perishable,

nonbasic agricultural commodity to the extent that the reserve for the postwar price support of agriculture established pursuant to the First Supplemental Appropriation Rescission Act of 1946 (60 Stat. 8) and other funds appropriated for agricultural price support are sufficient to cover any losses which may be incurred in connection with such operation. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1253.)

Support at Increased Levels

"(d) Notwithstanding the foregoing provisions of this section, price support operations at levels in excess of the maximum level of price support otherwise prescribed in this section may be undertaken whenever it is determined by the Secretary after reasonable public notice and public hearing with records of said hearing and a finding thereon by said Secretary available to the public that price support at such increased levels is necessary in order to increase or maintain the production of any agricultural commodity in the interest of national security. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1254.)

Adjustments

"(e) Appropriate adjustments may be made in the support price for any commodity for differences in grade, type, staple, quality, location, and other factors. Such adjustments shall be made in such manner that the average support price for such commodity in each marketing year will, on the basis of the anticipated incidence of such factors, be equal to the level determined as provided in this section for such marketing year. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1254.)

Definitions

"(f) For the purposes of this section —

"(1) A 'cooperator' with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under this title, or, in the case of price support for corn to a producer outside the commercial corn-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary. For the purposes of this subsection a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

"(2) A 'basic agricultural commodity' shall mean any of the commodities cotton, wheat, corn, tobacco, rice, and peanuts of a crop harvested after December 31, 1949.

"(3) A 'nonbasic agricultural commodity' shall mean any agricultural

commodity other than a basic agricultural commodity. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1254.)

Nonrecourse Loans

"(g) No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan made under authority of this section unless such loan was obtained through fraudulent representations by the producer. This provision shall not, however, be construed to prevent Commodity Credit Corporation or the Secretary from requiring producers to assume liability for deficiencies in the grade, quality, or quantity of commodities stored on the farm or delivered by them, for failure properly to care for and preserve commodities, or for failure or refusal to deliver commodities in accordance with the requirements of the program. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1255.)

DISPOSAL OF COMMODITIESGeneral RestrictionsAgricultural Act of 1948

Section 202. (a) Section 302 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

* * *

"(h) The Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than (1) a price determined on a pricing basis for its stocks of such commodity on hand, which makes due allowance for grade, type, quality, location, and other factors and which is reasonably calculated to reimburse it for costs incurred by it with respect to such stocks; (2) a price half-way between the support price, if any, and the parity price of such commodity; or (3) a price equivalent to 90 per centum of the parity price of such commodity, whichever price is the lowest, except that the foregoing restrictions shall not apply to (A) sales for new or by product uses; (B) sales of peanuts for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; (E) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses."^{1/} (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1255).

^{1/} This subsection is effective as of January 1, 1950. Similar restrictions were imposed by the Act of April 12, 1945 (59 Stat. 50, 7 U.S.C. 1381n) which expired December 31, 1948; and the Department of Agriculture Appropriation Acts for the years 1943 (July 22, 1942, 56 Stat. 664, 693), 1944 (July 12, 1943, 57 Stat. 392, 416), 1945 (June 28, 1944, 58 Stat. 425, 448) and 1946 (May 5, 1945, 59 Stat. 136, 153.)

Sales for Export

Surplus Property Act of 1944

Sec. 21. * * *

(c) Surplus farm commodities shall not be sold in the United States under this Act in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation, or at less than current prevailing market prices, whichever may be the higher, unless such commodities are being disposed of, pursuant to this Act, only for export; and the Commodity Credit Corporation may dispose of or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices, any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any law: Provided, That no food or food product shall be sold or otherwise disposed of under this subsection for export (1) if there is a shortage of such food or food product in the United States or if such sale or other disposition may result in such a shortage, or (2) if such food or food product is needed to supply the normal demands of consumers in the United States. (Oct. 3, 1944, 58 Stat. 765, 775, 50 U. S. C. App. §§ 1611, 1630.)

* * *

Sec. 38. Unless extended by law, this Act shall expire at the end of three years following the date of the cessation of hostilities in the present war. For the purposes of this section the term "Date of the cessation of hostilities in the present war" means the date proclaimed by the President as the date of such cessation, or the date specified in a concurrent resolution of the two Houses of Congress as the date of such cessation, whichever is the earlier. (October 3, 1944, 58 Stat. 765, 784, 50 U. S. C. App. § 1611n) 1/

1/ The President proclaimed the cessation of hostilities of World War II, effective twelve o'clock noon, December 31, 1946, by Proclamation 2714, dated December 31, 1946 (12 F. R. 1.).

Sale of CottonAgricultural Adjustment Act of 1938

Sec. 381. (c) The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than three hundred thousand bales of cotton in any calendar month, or more than one million five hundred thousand bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the Treasury as miscellaneous receipts.^{1/} (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 66, 7 U. S. C. 1381 (c).)

Sale to Foreign GovernmentsAct of August 11, 1939

Notwithstanding any other provision of law, the Commodity Credit Corporation, with the approval of the President, is authorized to sell surplus agricultural commodities, acquired by such Corporation through its loan operations, to foreign governments on the condition that, except for rotation to prevent deterioration, such commodities shall be held in reserve by such governments for a period of not less than five years from the date of acquisition, and shall not be disposed of unless a war or war emergency results in a serious

^{1/} Section 2 of the Act of April 12, 1945 (59 Stat. 50, 7 U. S. C. § 1381n) suspended the provisions of section 381 (c) until the expiration of the two-year period beginning with the first day of January immediately following the date on which hostilities in the war were declared to have terminated. By virtue of the Presidential Proclamation of December 31, 1946 (12 F. R. 1), the period of suspension expired December 31, 1948. Section 381 (c) is repealed by section 202 (b) of the Agricultural Act of 1948 (July 3, 1948, 62 Stat. 1247, 1255), effective January 1, 1950.

interruption of normal supplies of such commodities: Provided, That under this joint resolution no concession below the prevailing world market price for the unrestricted use of such commodities, as determined by the Secretary of Agriculture, shall be granted, in consideration of the obligation assumed by such governments to hold such commodities in reserve as required hereinbefore, in excess of a maximum amount equal to the average carrying charges, as estimated by the Secretary of Agriculture, that would be incurred if such commodities should be held for an additional eighteen months' period by the Commodity Credit Corporation. In determining specific cotton to be sold under this Act, the determination shall be made by sampling and selection at the place where the cotton is stored on the date of signing any sales agreement or contract under this Act, and no cotton shall be sold under any such sales agreement or contract which, after such date, is transported to any other place and there sampled and selected: Provided further, That in case of a sale, settlement must be made within sixty days after delivery and not more than five hundred thousand bales of cotton shall be sold upon the terms and conditions provided in this joint resolution. (August 11, 1939, Pub. Res. 52, 76th Cong., 53 Stat. 1418, 15 U. S. C. § 713a-6.)

Disposition of Wool

Act of August 5, 1947

Sec. 3. The Commodity Credit Corporation may, until June 30, 1950,^{1/} dispose of wool owned by it without regard to any restrictions imposed upon it by law. (August 5, 1947, P. L. 380, 80th Cong., 61 Stat. 769, 15 U. S. C. Supp. I, § 713a-8n; July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

Assistance and Relief to Foreign Countries

Foreign Assistance Act of 1948

Sec. 112. ***

(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-

1/ The date "June 30, 1950" was inserted in lieu of "December 31, 1948" by section 1 (c) of the Agricultural Act of 1948 (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248), effective January 1, 1949.

support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948. (April 3, 1948, P. L. 472, 80th Cong., 62 Stat. 137.)

Foreign Aid Appropriation Act, 1949

Sec. 202. No funds made available under the authority of this Act shall be used for the purchase in bulk of any commodities (other than commodities procured by or in possession of the Commodity Credit Corporation pursuant to Act of July 1, 1941 (55 Stat. 498), as amended), at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment: Provided, That no funds available under this Act shall be used for the purchase of wool other than from existing stocks owned by the Commodity Credit Corporation, unless or until such stocks are exhausted. (June 29, 1948, P. L. 793, 80th Cong., 62 Stat. 1054.)

Wool, Mohair and Flax Fiber
Purchased by Army

Act of June 29. 1948

Section 1. Notwithstanding the provisions of any other law, the Secretary of the Army is authorized to issue notes from time to time for purchase by the Secretary of the Treasury, not to exceed in the aggregate outstanding at any time \$150,000,000. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment of the purchase price of such notes and repayments thereof by the Secretary of the Army shall be treated as public-debt transactions of the United States. The proceeds of these notes shall be used by the Secretary of the Army, or his duly authorized representatives, as a revolving fund for the purpose of (a) purchasing natural fibers (including cotton waste) produced in the United States, and such other materials, including starch, dyestuff, roller leather, and card clothing as may be used in processing and finishing such fibers; (b) transporting such fibers and other materials to occupied areas, making them available for processing, and having such fibers processed in such areas; (c) insuring such fibers and materials and the products obtained from such processing; and (d) selling products obtained from such processing. In the case of wool, mohair, or flax fiber, only those types and grades shall be purchased hereunder as the Secretary of Agriculture, in the light of supplies on hand in the United States, designates as available for export; and stocks held by Commodity Credit Corporation of the types and grades so designated shall be purchased before other purchases are made of such types and grades. For the purpose of this Act an occupied area shall be considered as any liberated or occupied area, which is at the time, occupied by United States forces or such an area occupied jointly with another power or powers when it is considered by the Secretary of the Army to be necessary or desirable to include such an area, in order to carry out United States objectives: Provided, That a treaty of peace shall not have been ratified and confirmed for such an area. (June 29, 1948, P. L. 820, 80th Cong., 62 Stat. 1098.)

DEFINITIONS OF PARITY,
CARRY-OVER, NOMINAL AND TOTAL SUPPLYAgricultural Marketing Agreement Act of 1937

Sec. 2. It is hereby declared to be the policy of Congress--

(l) Through the exercise of the powers conferred upon the Secretary of Agriculture under this chapter, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco and potatoes shall be the pre-war period, August 1909-July 1914. In the case of tobacco and potatoes, the base period shall be the postwar period, August 1919-July 1929; and, in the case of all commodities for which the base period is the prewar period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate, as contrasted with such interest payments and tax payments during the base period. (May 12, 1933, P. L. 10, 73d Cong., 48 Stat. 31, 32; Aug. 24, 1935, P. L. 320, 74th Cong., 49th Stat. 750; June 3, 1937, P. L. 137, 75th Cong., 50 Stat. 246; 7 U. S. C. § 602.)

* * *

Sec. 8e. In connection with the making of any marketing agreement or the issuance of any order, if the Secretary finds and proclaims that, as to any commodity specified in such marketing agreement or order, the purchasing power during the base period specified for such commodity in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purposes of such marketing agreement or order, shall be the postwar period, August 1919-July 1929, or all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such commodity can be satisfactorily determined from available statistics of the Department of Agriculture. (Aug. 24, 1935, P. L. 32, 74th Cong., 49 Stat. 750, 762; June 3, 1937, P. L. 137, 75th Cong., 50 Stat. 246; 7 U. S. C. § 608e.)

Agricultural Adjustment Act of 1938

Sec. 301. (a) General Definitions. For the purposes of this title and the declaration of policy--

(1) "Parity", as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except Burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of Burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919-July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940. (Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 38; Nov. 22, 1940, P. L. 876, 76th Cong., 54 Stat. 1209, 1210, 7 U. S. C. 1301 (a).)

Agricultural Act of 1948

Title I - 1949 Price Stabilization

Sec. 1. * * * 1/

(a) * * * All provisions of law applicable with respect to loans under the Agricultural Adjustment Act of 1938, as amended, shall insofar as they are consistent with the provisions of this subsection, be applicable with respect to loans or other price-support operations authorized under this subsection, except that for the purpose of computing the parity price for Maryland tobacco the base period shall be the period August 1936 to July 1941 in lieu of the period August 1919 to July 1929. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247.)

* * *

1/ This section is effective as of January 1, 1949.
(Sec. 6, Agricultural Act of 1948.)

TITLE II - AMENDMENTS TO THE AGRICULTURAL ADJUSTMENT
ACT OF 1938 1/

Definitions of "Parity Price", "Carry-Over", "Normal Supply", and "Total Supply"

Sec. 201. Section 301 of the Agricultural Adjustment Act of 1938 is amended—

(a) By striking out paragraphs (1) and (2) of subsection (a) and inserting in lieu thereof the following:

Parity Price

"(1) (A) The 'parity price' for any agricultural commodity, as of any date, shall be determined by multiplying the adjusted base price of such commodity as of such date by the parity index as of such date.

Adjusted Base Price

"(B) The 'adjusted base price' of any agricultural commodity, as of any date, shall be (i) the average of the prices received by farmers for such commodity, at such times as the Secretary may select during each year of the ten-year period ending on the 31st of December last before such date, or during each marketing season beginning in such period if the Secretary determines use of a calendar year basis to be impracticable, divided by (ii) the ratio of the general level of prices received by farmers for agricultural commodities during such period to the general level of prices received by farmers for agricultural commodities during the period January 1910 to December 1914, inclusive.

Parity Index

"(C) The 'parity index', as of any date, shall be the ratio of (i) the general level of prices for articles and services that farmers buy, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate, for the calendar month ending last before such date to (ii) the general level of such prices, rates, and taxes during the period January 1910 to December 1914, inclusive.

1/ Title II is effective as of January 1, 1950.

(Sec. 303, Agricultural Act of 1948, July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1259.)

Determination by Secretary

"(D) The prices and indices provided for herein, and the data used in computing them, shall be determined by the Secretary, whose determination shall be final.

Transitional Parity Price

"(E) Notwithstanding the provisions of subparagraph (A), the transitional parity price for any agricultural commodity, computed as provided in this subparagraph, shall be used as the parity price for such commodity until such date after January 1, 1950, as such transitional parity price may be lower than the parity price, computed as provided in subparagraph (A), for such commodity. The transitional parity price for any agricultural commodity as of any date shall be---

"(i) its parity price determined in the manner used prior to the effective date of the Agricultural Act of 1948, less

"(ii) five per centum of the parity price so determined multiplied by the number of full calendar years which, as of such date, have elapsed after January 1, 1949.

Public Hearings

"(F) Notwithstanding the provisions of subparagraphs (A) and (E), if the parity price for any agricultural commodity, computed as provided in subparagraphs (A) and (E) appears to be seriously out of line with the parity prices of other agricultural commodities, the Secretary may, and upon the request of a substantial number of interested producers shall, hold public hearings to determine the proper relationship between the parity price of such commodity and the parity prices of other agricultural commodities. Within sixty days after commencing such hearing the Secretary shall complete such hearing, proclaim his findings as to whether the facts require a revision of the method of computing the parity price of such commodity, and put into effect any revision so found to be required.

Parity

"(2) 'Parity', as applied to income, shall be that gross income from agriculture which will provide the farm operator and his family with a standard of living equivalent to those afforded persons dependent upon other gainful occupation. 'Parity' as applied to income from any agricultural commodity for any year, shall be that gross income which bears the same relationship to parity income from agriculture for such year as the average gross income from such commodity for the preceding ten calendar years bears to the average gross income from agriculture for such ten calendar years." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1250.)

(b) By amending paragraph (3) (A) of subsection (b) to read as follows:

Carry-Over

"(A) 'Carry-over', in the case of corn, rice, and peanuts for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, not including any quantity which was produced in the United States during the calendar year then current." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1251.)

(c) By amending paragraph (3) (B) of subsection (b) to read as follows:

"(b) 'Carry-over' of cotton for any marketing year shall be the quantity of cotton on hand within the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current, plus the quantity on hand within the United States at the beginning of such marketing year which was produced outside the United States." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1251.)

(d) By striking out paragraph (10) of subsection (b) and inserting in lieu thereof the following:

Normal Supply

"(10) (A) 'Normal supply' in the case of corn, cotton, rice, wheat, and peanuts for any marketing year shall be (i) the estimated domestic consumption of the commodity for the marketing year ending immediately prior to the marketing year for which normal supply is being determined, plus (ii) the estimated exports of the commodity for the marketing year for which normal supply is being determined, plus (iii) an allowance for carry-over. The allowance for carry-over shall be the following percentage of the sum of the consumption and exports used in computing normal supply: 7 per centum in the case of corn; 30 per centum in the case of cotton; 10 per centum in the case of rice; 15 per centum in the case of wheat; and 15 per centum in the case of peanuts. In determining normal supply the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary.

"(B) 'Normal supply' in the case of tobacco shall be a normal year's domestic consumption and exports, plus 175 per centum of a normal year's domestic consumption and 65 per centum of a normal year's exports as an allowance for a normal carry-over." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1251.)

(e) By amending paragraph (16) of subsection (b) to read as follows:

Total Supply

"(A) 'Total supply' of cotton, wheat, corn, rice, and peanuts for any marketing year shall be the carry-over of the commodity for such marketing year, plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins and the estimated imports of the commodity into the United States during such marketing year.

"(B) 'Total supply' of tobacco for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type-46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar filler and cigar binder tobacco." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1251.)

References in Other Laws

Sec. 302. * * *

(f) All references in other laws to--

- (1) parity,
- (2) parity prices,
- (3) prices comparable to parity prices, or
- (4) prices to be determined in the same manner as provided by the Agricultural Adjustment Act of 1938 prior to its amendment by this Act for the determination of parity prices,

with respect to prices for agricultural commodities and products thereof, shall hereafter be deemed to refer to parity prices as determined in accordance with the provisions of section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended by this Act. (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1258.)

MISCELLANEOUS COMMODITY CREDIT CORPORATION LAWS

Loans to Secretary of AgricultureAgricultural Adjustment Act of 1938

Sec. 391. (c) During each fiscal year, beginning with the fiscal year ending June 30, 1941, the Commodity Credit Corporation is authorized and directed to loan to the Secretary such sums, not to exceed \$50,000,000, as he estimates will be required during such fiscal year, to make crop insurance premium advances and to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended, in connection with programs applicable to crops harvested in the calendar year in which such fiscal year ends, and to pay the administrative expenses of county agricultural conservation associations for the calendar year in which such fiscal year ends. The sums so loaned during any fiscal year shall be transferred to the current appropriation available for carrying out section 7 to 17 of such Act and shall be repaid, with interest at a rate to be determined by the Secretary but not less than the cost of money to the Commodity Credit Corporation for a comparable period, during the succeeding fiscal year from the appropriation available for that year or from any unobligated balance of the appropriation for any other year. (July 2, 1940, P. L. 716, 76th Cong., 54 Stat. 727, 728, 7 U. S. C. § 1391.)

Exchange With Foreign GovernmentsAct of August 11, 1939

Notwithstanding any other provision of law, whenever the President, by and with the advice and consent of the Senate, has concluded a treaty involving the exchange of surplus agricultural commodities produced in the United States which are held under loans made or made available by the Commodity Credit Corporation for stocks of strategic and critical materials produced abroad, the Commodity Credit Corporation is authorized, upon terms and conditions prescribed by the Secretary of Agriculture, to accept such strategic and critical materials in exchange for such surplus agricultural commodities; and for the purpose of such exchange the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior acting jointly through the agency of the Army and Navy Munitions Board shall determine which materials are strategic and critical and the quantity and quality of such materials. In order to carry out the provisions of this Act the

Commodity Credit Corporation is authorized, upon terms and conditions prescribed by the Secretary of Agriculture, to procure, convey, transport, handle, store, maintain, or rotate such surplus agricultural commodities, and such reserve stocks of strategic and critical materials, as may be necessary to accomplish the purposes of this Act.

The Commodity Credit Corporation is authorized and directed to transfer to warehouses in or near cotton manufacturing centers in New England not to exceed three hundred thousand bales of cotton, to which it now has title or may hereafter acquire title, having regard for the grades and staples customarily required by manufacturers in that area: Provided, That all necessary costs in connection with such transfer will not result in additional net cost to the Corporation.

In determining specific cotton to be exchanged under this Act, the determination shall be made by sampling and selection at the place where the cotton is stored on the date of ratification of a treaty providing for such exchange, and no cotton shall be exchanged under such treaty which, after such date, is transported to another place and there sampled and selected. Such reserve stocks of strategic and critical materials shall be stored on military or naval reservations or in other locations approved by the Secretary of War and the Secretary of the Navy. The Commodity Credit Corporation is authorized to transfer such reserve stocks of strategic and critical materials upon such terms and conditions as the Secretary of Agriculture shall approve, to any other governmental agency. Such reserve stocks or strategic and critical materials shall be made available or disposed of by the Commodity Credit Corporation or other governmental agency only upon order of the President in accordance with the terms of the applicable treaty; when necessary to prevent deterioration, the Commodity Credit Corporation or other governmental agency is authorized to replace those quantities of the reserve stocks of such strategic and critical materials subject to deterioration with equivalent quantities of the same materials. The funds now or hereafter made available to the Commodity Credit Corporation are hereby made available to carry out the purposes of this Act. There is hereby authorized to be appropriated such additional sums as may be required to carry out the provisions of this Act. All funds for carrying out the provisions of this Act shall be available for allotment to bureaus and offices of the Department of Agriculture, and for transfer to such other agencies of the Federal Government as the Secretary of Agriculture may request to cooperate or assist in carrying out the provisions of this Act. (Aug. 11, 1939, P. L. 387, 76th Cong., 53 Stat. 1407, 15 U. S. C. § 713a-7.)

Reimbursement by Other AgenciesAct of July 16, 1943

Sec. 4. Full reimbursement shall be made to the Commodity Credit Corporation for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of the Lend-Lease Administration, the Army or Navy, the Board of Economic Warfare, the Reconstruction Finance Corporation, or any other Government agency, for the appropriate funds of these agencies. (July 16, 1943, P. L. 151, 78th Cong., 57 Stat. 566, 15 U. S. C. § 713a-9.)

Stimulation of Foreign ProductionTaft Anti-Inflation Law

Sec. 7. Notwithstanding any other provision of law, in order to alleviate and prevent shortages in foods, agricultural commodities, and products thereof, Commodity Credit Corporation is authorized to carry out projects to stimulate and increase the production of foods, agricultural commodities, and products thereof, in non-European foreign countries. Such projects may include procurement, the making of advances and price guaranties, the furnishing of technical information and assistance, the furnishing of seed, fertilizer, machinery, equipment and other materials, and such other actions as are necessary or incident to the carrying out of such projects: Provided, That any such program is first submitted to Congress by the Secretary of Agriculture, and is not disapproved by concurrent resolution of Congress within 60 days thereafter. (Dec. 30, 1947, P. L. 395, 80th Cong., 61 Stat. 945, 947, 50 U. S. App. Supp. I, 1917.)

MISCELLANEOUS GENERAL LAWS

Reimbursement of Procurement CostsDepartment of Agriculture Organic Act of 1944

Sec. 402. Applicable appropriations available to the War Food Administration ^{1/} current at the time services are rendered or payment therefor is received may be reimbursed by nongovernmental agencies or foreign governments (by advance credits or reimbursements) for the actual or estimated costs, as determined by the War Food Administration, incident to procuring agricultural commodities for such nongovernmental agencies or foreign governments. (Sept. 21, 1944, P. L. 425, 78th Cong., 58 Stat. 734, 738, 5 U. S. C. § 569.)

Exportation and Domestic Consumption of Agricultural Commodities and ProductsAct of August 24, 1935

Sec. 32. There is hereby appropriated for each fiscal year beginning with the fiscal year ending June 30, 1936, an amount equal to 30 per centum of the gross receipts from duties collected under the customs laws during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year. Such sums shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to (1) encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation or by payments to producers in connection with the production of that part of any agricultural commodity required for domestic consumption; (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce or by increasing their utilization through benefits, indemnities, donations, or by other means, among

^{1/} The War Food Administration was terminated by Executive Order No. 9577, and its functions transferred to the Secretary of Agriculture. (E. O. 9577, June 29, 1945, 10 F. R. 8087.)

persons in low income groups as determined by the Secretary of Agriculture; and (3) reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption. Determinations by the Secretary as to what constitutes diversion and what constitutes normal channels of trade and commerce and what constitutes normal production for domestic consumption shall be final.

The sums appropriated under this section shall be expended for such one or more of the above-specified purposes, and at such times, in such manner, and such amounts as the Secretary of Agriculture finds will effectuate substantial accomplishment of any one or more of the purposes of this section. Notwithstanding any other provision of this section, the amount that may be devoted, during any fiscal year after June 30, 1939, to any one agricultural commodity or the products thereof in such fiscal year, shall not exceed 25 per centum of the funds available under this section for such fiscal year. (Aug. 24, 1935, P. L. 320, 74th Cong., 49 Stat. 750, 774; Feb. 29, 1936, P. L. 461, 74th Cong., 49 Stat. 1148, 1151; Feb. 16, 1938, P. L. 430, 75th Cong., 52 Stat. 31, 38; June 30, 1939, P. L. 159, 76th Cong., 53 Stat. 939, 975; 7 U. S. C. § 612c.)

Act of June 28, 1937

* * *

In carrying out clause (2) of section 32, the funds appropriated by said section may be used for the purchase, without regard to the provisions of existing law governing the expenditure of public funds, of agricultural commodities and products thereof, and such commodities~~as~~ may be donated for relief purposes. (June 28, 1937, P. L. 165, 75th Cong., 50 Stat. 323; June 27, 1942, P. L. 634, 77th Cong., 56 Stat. 461, 15 U. S. C. § 713c.)

Agricultural Act of 1948

Sec. 3.1/ Sec. 22 of the Agricultural Adjustment Act, as added by section 31 of the Act of August 24, 1935 (49 Stat. 773), reenacted by section 1 of the Agricultural Marketing Agreement Act of 1937 (50 Stat. 246), as amended, is hereby amended to read as follows:

1/ This section is effective as of January 1, 1949. (Sec. 6, Agricultural Act of 1948.)

"Sec. 22. * * *

"(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

Sec. 202. 1/ (a) Section 302 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"Sec. 302. * * *

"(c) * * * Provided further, That the Secretary, in carrying out programs with respect to perishable and nonperishable commodities under section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, and section 6 of the National School Lunch Act, may utilize the services and facilities of the Commodity Credit Corporation (including but not limited to procurement by contract) and make advance payments to it: And provided further, That in any fiscal year, if at the end of the preceding fiscal year the sums appropriated under said section 32 and remaining unexpended do not exceed \$300,000,000, Commodity Credit Corporation may, as provided in section 302(a) of this Act, carry out any operation to support the price of any such perishable, nonbasic agricultural commodity to the extent that the reserve for the postwar price support of agriculture established pursuant to the First Supplemental Appropriation Recission Act of 1946 (60 Stat. 8) and other funds appropriated for agricultural price support are sufficient to cover any losses which may be incurred in connection with such operation." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1252.)

Sec. 301.1/ Section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (U. S. C., title 7, sec. 612c), is amended by adding at the end thereof the following: "The sums appropriated under this section shall, notwithstanding the provisions of any other law, continue to remain available for the purposes of this section until expended; but any excess of the amount remaining unexpended at the end of any fiscal year over \$300,000,000 shall, in the same manner as though it had been appropriated for the service of such fiscal year,

1/ This section is effective as of January 1, 1950. (Sec. 303, Agricultural Act of 1948.)

be subject to the provisions of section 3690 of the Revised Statutes (U. S. C., title 31, sec. 712), and section 5 of the Act entitled "An Act making appropriations for the legislative, executive, and judicial expenses of the Government for the year ending June thirtieth, eighteen hundred and seventy-five, and for other purposes" (U. S. C., title 31, sec. 713)." (July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1257.)

Foreign Assistance Act of 1948

Sec. 112. * * *

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 percentum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The recission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, 80th Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948. (April 3, 1948, P. L. 472, 80th Cong., 62 Stat. 137)

National School Lunch Act

Sec. 6. The funds appropriated for any fiscal year for carrying out the provisions of this Act, less not to exceed $3\frac{1}{2}$ per centum thereof hereby made available to the Secretary for his administrative expenses and less the amount apportioned by him pursuant to sections 4, 5, and 10, shall be available to the Secretary during such year for direct expenditure by him for agricultural commodities and other foods to be distributed among the states and schools participating in the school-lunch program under this Act in accordance with the needs as determined by the local school authorities. The provisions of law contained in the proviso of the Act of June 28, 1937 (50 Stat. 323), facilitating operations with respect to the purchase and disposition of surplus agricultural commodities under section 32 of the Act approved August 24, 1935 (49 Stat. 774), as amended, shall, to the extent not inconsistent with the provisions of this Act, also be applicable to expenditures of funds by the Secretary under this Act. (June 4, 1946, P. L. 396, 79th Cong., 60 Stat. 230, 231, 42 U. S. C. § 1755.)

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Sec. 9. * * * Commodities purchased under the authority of section 32 of the Act of August 24, 1935 (49 Stat. 774), as amended, may be donated by the Secretary to schools, in accordance with the needs as determined by local school authorities, for utilization in the school-lunch program under this Act as well as to other schools carrying out nonprofit school-lunch programs and institutions authorized to receive such commodities. (June 4, 1946, P. L. 396, 79th Cong., 60 Stat. 230, 233, 42 Stat. § 1758.)

Treatment of Commodity Credit Loans for Income Tax Purposes

Internal Revenue Code

Sec. 113. Adjusted basis for determining gain or loss - * * *

(b) Adjusted basis. The adjusted basis for determining the gain or loss from the sale or other disposition of property, whenever acquired, shall be the basis determined under subsection (a), adjusted as herein-after provided.

(1) General rule. Proper adjustment in respect of the property shall in all cases be made --

* * *

(G) In the case of property pledged to the Commodity Credit Corporation, to the extent of the amount received as a loan from the Commodity Credit Corporation and treated by the taxpayer as income for the year in which received pursuant to section 123 of this chapter, and to the extent of any deficiency on such loan with respect to which the taxpayer has been relieved from liability. (June 29, 1939, P. L. 155, 76th Cong., 53 Stat. 862, 879; 26 U. S. C. § 113.) 1/

Sec. 123. Commodity Credit Loans - (a) Amounts received as loans from the Commodity Credit Corporation shall, at the election of the taxpayer, be considered as income and shall be included in gross income for the taxable year in which received. (June 29, 1939, P. L. 155, 76th Cong., 53 Stat. 862, 879; 26 U. S. C. § 123.) 1/

(b) If a taxpayer exercises the election provided for in subsection (a) for any taxable year beginning after December 31, 1938, then the method of computing income so adopted shall be adhered to with respect to all subsequent taxable years unless with the approval of the Commissioner a change to a different method is authorized. (June 29, 1939, P. L. 155, 76th Cong., 53 Stat. 862, 879; 26 U. S. C. § 123.) 1/

1/ The Act of June 29, 1939, also provides as follows:

(c) The amendments made by subsections (a) [subsections (a) and (b) of Sec. 123, Internal Revenue Code] and (b) [subsection (b) (1) (G) of Sec. 113, Internal Revenue Code] shall be applicable to taxable years beginning after December 31, 1938. (June 29, 1939, 53 Stat. 862, 879; 26 U. S. C. § 123n.)

(d) Retroactive Application. -- The provisions of subsection (a) [subsections (a) and (b) of Sec. 123, Internal Revenue Code] shall be retroactively applied in computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such Acts as amended, if -

(c) The election provided for in subsection (a) with respect to taxable years beginning after December 31, 1938, and before January 1, 1942, may be exercised by the taxpayer at, or at any time prior to, the time prescribed for the filing of the taxpayer's return for the taxable year of the taxpayer beginning in 1942, or if there is more than one taxable year of the taxpayer beginning in 1942, for the last taxable year so beginning, provided the records of the taxpayer are sufficient to permit an accurate computation of income for such years and the taxpayer consents in writing to the assessment, within such period as may be agreed upon, of any deficiency for such years, even though the statutory period for the assessment of any such deficiency has expired prior to the filing of such consent. (Oct. 21, 1942, P. L. 753, 77th Cong., 56 Stat. 798, 848; 26 U. S. C. § 123.)

Footnote 1/ page 156, continued

(1) The taxpayer elects in writing (in accordance with regulations prescribed by the Commissioner with the approval of the Secretary) *at or prior to the time prescribed for the filing of the taxpayer's return for the taxable year of the taxpayer beginning in 1942, or if there is more than one taxable year of the taxpayer beginning in 1942, for the last taxable year so beginning,* to treat such loans as income for such year, and

(2) The records of the taxpayer are sufficient to permit an accurate computation of income for such year, and

(3) The taxpayer consents in writing to the assessment, within such period as may be agreed upon, of any deficiency for such year, even though the statutory period for the assessment of any such deficiency had expired prior to the filing of such consent.

Any tax overpaid for any such year shall be credited or refunded, subject to the statutory period of limitation properly applicable thereto. (June 29, 1939, 53 Stat. 862, 879; Oct. 21, 1942, 56 Stat. 798, 848; 26 U. S. C. § 123n. The portion between asterisks was substituted by the Act of October 21, 1942, for "within one year from the date of the enactment of this Act.")

(e) Adjustment of Basis for Prior Years.—In computing income for any taxable year subject to the provisions of the Revenue Act of 1934, the Revenue Act of 1936, or the Revenue Act of 1938, or any of such Acts as amended, the basis, for determining gain or loss from the sale or other disposition of any property, pledged to the Commodity Credit Corporation as security on a loan obtained therefrom, shall be adjusted for the amount of such loan to the extent it was considered as income and included in gross income for the year in which received and for the amount of any deficiency on such loan with respect to which the taxpayer was relieved from liability. (June 29, 1939, 53 Stat. 862, 880; 26 U. S. C. § 123n.)

Compromising, Adjusting or Cancelling Debts

Act of December 20, 1944

The Secretary of Agriculture, hereinafter referred to as the Secretary, is hereby authorized and directed to compromise, adjust, or cancel indebtedness arising from loans and payments made or credit extended to farmers under the provisions of the several Acts of Congress or programs enumerated in section 2: Provided, That the Secretary finds, after such investigation as he deems sufficient to establish the facts, that (1) said indebtedness has been due and payable for five years or more; (2) the debtor is unable to pay said indebtedness in full and has no reasonable prospect of being able to do so; (3) the debtor has acted in good faith in an effort to meet his obligation; and (4) the principal amount of said indebtedness is not in excess of \$1,000. The Secretary is hereby further authorized at his discretion to cancel and discharge indebtedness arising under said Acts of Congress or programs when the amount of said indebtedness is less than \$10, or the debtor is deceased and there is no reasonable prospect of recovering from his estate, or his whereabouts has remained unknown for two years and there is no reasonable prospect of obtaining collection, or he has been discharged of the indebtedness in any proceeding under the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States." The compromises, adjustments, or cancellations authorized by this section shall be effected through such agencies, upon such terms and conditions, and subject to such regulations, as the Secretary may prescribe, and the Secretary may delegate the exercise of any such powers and functions to such officers or employees of the Department of Agriculture as he may designate. (Dec. 20, 1944, P. L. 518, 78th Cong., 58 Stat. 836, 12 U. S. C. § 1150.)

Sec. 2. The provisions of this Act shall apply to any indebtedness of farmers arising from loans or payments made or credit extended to them under any of the following Acts or programs: * * * commodity loan, purchase, sale, and other programs of the Commodity Credit Corporation. (Dec. 20, 1944, P. L. 518, 78th Cong., 58 Stat. 836, 12 U. S. C. § 1150a.)

Sec. 3. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amount as may be necessary to enable the Secretary to carry out the provisions of this Act, and the current and subsequent appropriations to enable the Secretary to administer the respective Acts of Congress or programs to which the aforesaid payments or loans or extensions of credit relate shall also be available for the administrative expenses of carrying out this Act. (Dec. 20, 1944, P. L. 518, 78th Cong., 58 Stat. 836, 837, 12 U. S. C. § 1150 b.)

Sec. 4. (a) Whoever makes any material representation, knowing it to be false, for the purpose of influencing in any way the action of the Secretary, or of any person acting under his authority, in connection with any compromise, adjustment, or cancellation of indebtedness provided for herein, shall, upon conviction thereof, be punished by a fine of not more than \$1,000 or by imprisonment for not more than one year, or both. (Dec. 20, 1944, P. L. 518, 78th Cong., 58 Stat. 836, 837, 12 U. S. C. § 1150 c.)

(b) No officer or employee of the United States, and no person to whom the Secretary may delegate any power or function under this Act, shall accept any fee, commission, gift, or other consideration, directly or indirectly, for or in connection with any transaction or business related to the compromise, adjustment, or cancellation of indebtedness hereunder. Any person violating the foregoing provision shall, upon conviction thereof, be punished by a fine of not more than \$1,000 or by imprisonment for not more than one year, or both. (Dec. 20, 1944, P. L. 518, 78th Cong., 58 Stat. 836, 837, 12 U. S. C. § 1150 c.).

Reimbursement to Treasurer of United States

Treasury Department Appropriation Act, 1949 1/

Fiscal Service - Bureau of Accounts

Salaries and Expenses: For necessary expenses of the Division of Disbursement, including personal services in the District of Columbia, and printing and binding, \$10,000,000: Provided: that with the approval of the Bureau of the Budget there may be transferred to this appropriation from Railroad Retirement Board, "Conservation and use of agricultural land resources, Department of Agriculture," and from available corporate funds of Government-owned or-controlled corporations, such sums as may be necessary to cover the expense incurred in performing the function of disbursement therefor.

1/ Similar authorizations for prior years are contained in Appropriations for the Treasury Department in the following acts: May 6, 1939, 53 Stat. 654, 674; Mar. 25, 1940, 54 Stat. 55, 57, 60; May 31, 1941, 55 Stat. 212, 215, 217; Mar. 10, 1942, 56 Stat. 150, 152, 154; June 30, 1943, 57 Stat. 250, 253, 255; April 22, 1944, 58 Stat. 195, 198, 199; April 24, 1945, 59 Stat. 56, 58, 60; July 20, 1946, 60 Stat. 568, 570, 572; July 1, 1947, 61 Stat. 216.

* * *

Office of the Treasurer of the United States

Salaries and expenses: For necessary expenses of the Office of the Treasurer, including not to exceed \$100,000 for printing and binding, \$4,980,000: Provided, That with the approval of the Bureau of the Budget, there may be transferred to this appropriation, from Railroad Retirement Board, "Conservation and use of agricultural land resources, Department of Agriculture," and from available corporate funds of Government owned or controlled corporations, such sums as may be necessary to cover the expenses incurred in the clearing of checks, servicing of bonds, handling of collections, and rendering of accounts therefor. (June 14, 1948, P. L. 640, 80th Cong., 62 Stat. 408.)

Applicability of R. S. 3709

Act of August 2, 1946

Sec. 9. (a) Section 3709 of the Revised Statutes of the United States is hereby amended to read as follows:

"Unless otherwise provided in the appropriation concerned or other law, purchases and contracts for supplies or services for the Government may be made or entered into only after advertising a sufficient time previously for proposals, except (1) when the amount involved in any one case does not exceed \$100, (2) when the public exigencies require the immediate delivery of the articles or performance of the service, (3) when only one source of supply is available and the Government purchasing or contracting officer shall so certify, or (4) when the services are required to be performed by the contractor in person and are (A) of a technical and professional nature or (B) under Government supervision and paid for on a time basis. Except (1) as authorized by section 29 of the Surplus Property Act of 1944 (50 U. S. C. App. 1638), (2) when otherwise authorized by law, or (3) when the reasonable value involved in any one case does not exceed \$100, sales and contracts of sale by the Government shall be governed by the requirements of this section for advertising."

(b) Exemptions for section 3709, Revised Statutes, in other law in amounts of \$100 or less are hereby repealed.

(c) In the case of wholly owned Government corporations, this section shall apply to their administrative transactions only. (Aug. 2, 1946, P. L. 600, 79th Cong., 60 Stat. 806, 809, 41 U. S. C. § 5.)

Limitation on ImportsSection 22 of Agricultural Adjustment Act of 1933,
as Reenacted by Agricultural
Marketing Agreement Act of 1937, as Amended

Sec. 22. (a) Whenever the President has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify.

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 per centum ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a), of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: Provided, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 percentum of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption

during a representative period as determined by the President: And provided further, That in designating any article or articles, the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine.

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of Section 32 of Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States.

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section.

(e) Any decision of the President as to facts under this section shall be final.

(f) No proclamation under this section shall be enforced in contravention of any treaty or other international agreement to which the United States is or hereafter becomes a party. (Aug. 24, 1935, P. L. 320, 74th Cong., 49 Stat. 750, 773; Feb. 29, 1936, P. L. 461, 74th Cong., 49 Stat. 1148, 1152; June 3, 1937, P. L. 137, 75th Cong., 50 Stat. 246; Jan. 25, 1940, P. L. 406, 76th Cong., 54 Stat. 17; 7 U. S. C. § 624; July 3, 1948, P. L. 897, 80th Cong., 62 Stat. 1247, 1248.)

Transfer of Checks to Treasury Special-Deposit AccountAct of July 11, 1947

Section 1. (a) With the exception of checks issued on account of public-debt obligations and transactions regarding the administration of banking and currency laws, the amounts of all original and substitute checks drawn on the Treasurer of the United States, including those drawn by wholly owned and mixed-ownership Government corporations, or drawn by authorized officers of the United States on designated depositaries, which have not been paid prior to the close of the fiscal year next following the fiscal year in which the checks were issued, shall be transferred from the account of the drawer or the account then available for the payment thereof to a special-deposit account or accounts on the books of the Treasurer of the United States.

(b) With the exception of checks issued on account of public-debt obligations and transactions regarding the administration of banking and currency laws, any original or any substitute checks heretofore or hereafter drawn on the Treasurer of the United States, including those drawn by wholly owned and mixed-ownership Government corporations, or drawn by authorized officers of the United States on designated depositaries which have not been paid prior to the close of the fiscal year next following the fiscal year in which the checks were issued and checks issued in payment of claims settled by the General Accounting Office on account of any of such checks shall be payable from the special-deposit account or accounts established pursuant to this section: Provided, That in the following classes of cases any original or substitute check shall be payable from the special-deposit account or accounts only after settlement by the General Accounting Office; (1) where the check is drawn on a designated depositary, (2) where the owner or holder of the check had died or is incompetent, (3) where on presentation of the check for payment the Treasurer of the United States is on notice of a doubtful question of law or fact, and (4) where the check is over ten years old: And provided further, That the limitation imposed in respect to certain claims or demands against the United States by the Act of October 9, 1940 (54 Stat. 1061; U. S. C., title 31, secs. 71a, 237), shall not be deemed to apply to original or substitute checks heretofore or hereafter drawn on the Treasurer of the United States, including those drawn by wholly owned and mixed-ownership Government corporations, or drawn by authorized officers of the United States on designated depositaries,

but nothing contained in this Act shall be deemed to affect the limitation imposed in respect to claims on account of certain checks by section 2 of the Act of June 22, 1926 (44 Stat. 761; U. S. C., title 31, sec. 122). (July 11, 1947, P. L. 171, 80th Cong., 61 Stat. 308, 31 U. S. C. Supp. I, § 132.)

Foot-and-Mouth and Other Diseases

Department of Agriculture Appropriation Act, 1949

For expenses necessary, including personal services in the District of Columbia, in the arrest and eradication of foot-and-mouth disease, rinderpest, contagious pleuropneumonia, or other contagious or infectious diseases of animals, or European fowl pest and similar diseases in poultry, including the payment of claims growing out of past and future purchases and destruction of animals (including poultry) affected by or exposed to, or of materials contaminated by or exposed to, any such disease, wherever found and irrespective of ownership, under like or substantially similar circumstances, when such owner has complied with all lawful quarantine regulations; and for foot-and-mouth disease and rinderpest programs undertaken pursuant to the provisions of the Act of February 28, 1947 (Public Law 8, 80th Congress), and the Act of May 29, 1884, as amended (7 U. S. C., 391; 21 U. S. C., 111-122), including expenses in accordance with section 2 of said Public Law 8, the Secretary may transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department such sums as he may deem necessary, to be available only in an emergency which threatens the livestock or poultry industry of the country, and any unexpended balances of funds transferred under this head in the fiscal year 1948 shall be merged with such transferred amounts: *** (June 19, 1948, P. L. 712, 80th Cong., 62 Stat. 507.)

Second Deficiency Appropriation Act 1948

DEPARTMENT OF AGRICULTURE

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Eradication of Foot-and Mouth and Other Contagious Diseases of Animals

Eradication of foot-and-mouth and other contagious diseases of animals: For an additional amount, fiscal year 1948, for "Eradication of foot-and-mouth and other contagious diseases of animals", \$25,400,000, to enable the Secretary of Agriculture to make repayment to the Commodity Credit Corporation for amounts transferred pursuant to authority under this head in the Department of Agriculture Appropriation Act, 1948, as amended by the Supplemental Appropriation Act, 1948. (June 25, 1948, P. L. 785, 80th Cong., 62 Stat. 1027.)

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